

Europe says PLO must have voice in peace quest

A statement issued at the end of their Venice summit yesterday the EEC heads of government said the Palestine Liberation Organization must be associated with Middle East peace negotiations and recognized the "right to self-determination" of the Palestinian people.

Giscard strikes an independent note

Michael Horneby

June 13

heads of government in-
tend to shift
European attitude to the
East conflict, by stating
for the first time that the
PLO must be associated
with peace negotiations.

President Giscard d'Estaing, at the
summit, said the EEC
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the peace process. The
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£700m cuts ordered in councils' spending

By Hugh Noyes and Christopher Warman

The Government yesterday sent a stern letter to local authorities asking them to revise their spending plans for this year to bring them into line with their targets for public expenditure cuts.

Returns show that council budgets are 5.6 per cent or £700m above the Government's target which is for a 2 per cent reduction in local spending over the total in 1978-79.

Local authorities have until August 1 to resubmit their budgets.

It is accepted that the early returns from councils normally contain inconsistencies and that the final spending figures are considerably less, but this time Mr Michael Heseltine, Secretary of State for the Environment, is not satisfied.

In his letter he says that on past experience the present estimated overspending "points to a significant and unacceptable excess volume of current expenditure over the Govern-ment's plans even when allow-ance is made for a tendency for budget estimates to exceed outturn."

Mr Heseltine said at a press conference last night that if the Government expenditure plans were to be achieved, local authorities should ensure that their revised expenditure plans should represent the 2 per cent reduction called for.

Since wages and salaries account for around 70 per cent of gross current expenditure, I have asked authorities to have particular regard to their man-power levels," Mr Heseltine said.

Earlier, Mr Tom King, Minister for Local Government, and Environmental Services, presented the House of Commons with the strongest indication yet of the Government's deep concern at the overspend- ing of local authorities.

If the Government ex- penditure plans were to be achieved, the authorities must ensure that their revised plans repre- sented the required reduction, he said.

Mr King, while emphasizing that the Government would much prefer local authorities to take action on a voluntary basis, left MPs in no doubt that refusal to cooperate would force the Government to act.

Any of the options available to the Government would have serious consequences, he said.

From the Labour benches anxious MPs led by Mr Roy Hattersley, Opposition spokes- man on the environment, questioned the minister about reports that the Government was considering a six-month moratorium on building.

Sir Jervis Walker, chairman of the Association of County Councils, said last night he was sure that local government would be much closer to the targets set by the Government when the figures were resub- mitted, but he admitted it was inevitable that there would have to be further cuts in services.

The difficulty was making the cuts within one year.

The Association of District Councils said it would "obviously consider Mr King's letter but it was difficult to see where significant savings could be made without further affecting services."

Parliamentary report, page 3
Leading article, page 15

Mr Kusa says regime's opponents will die no matter what the Foreign Office does Head of Libyan mission is expelled after death threats

By Stewart Tandler, Richard Ford, Michael Horsnell, and Frances Gibb

Mr Musa Kusa, Libya's chief representative in Britain, was expelled by the Foreign Office yesterday after telling *The Times* that two more Libyans would be killed in this country.

After learning of the decision, Mr Kusa, who is secretary of the Libyan People's Bureau, formerly the Libyan Embassy, said that the men would still die.

Apparently unashamed by the expulsion, he said: "The British authorities believe if they close down the bureau everything will be finished. I am willing to say here strongly it is a mistake. It will continue."

Mr Kusa's remarks to *The Times*, published yesterday morning, were made on Thurs- day and came within hours of his recognition by the Foreign Office after months of nego- tiations, as head of the Libyan mission with full diplomatic status. At the same time the people's bureau was recognized as a diplomatic mission.

Since the beginning of this year two opponents of the Libyan regime have been killed in London and others have died in other European cities, Mr Kusa told *The Times*: "The



Mr Musa Kusa (right) leaving the Foreign Office in London yesterday.

revolutionary committees have decided last night to kill two more people in the United Kingdom. I approve of this."

Colonel Gaddafi said that he had until last Wednesday to return home or face the con- sequences. Then, shortly before the deadline, the colonel said he had torn up the prepared death list, although people col- lecting with certain found- tries still faced retribution.

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Mr Carter rules out force to free hostages

From Arrigo Levi

Washington, June 13

A confident and relaxed President Carter told me at the White House yesterday that military measures are not being considered to obtain the release of the American hostages in Iran. He had never before ruled out so clearly the use of force.

The President appeared genuinely convinced that the Western alliance has been stronger now than it has been for many years, and that there is "just an impression of dis- harmony" between the allies.

Improvements in the methods of consultation within the alliance would, however, be dis- cussed at the coming Venice summit.

Mr Carter declared his con- fidence in another breakthrough in the Camp David process of negotiation, as a way to "guarantee to the Palestinians the realization of their rights" and warned the EEC against trying to subvert or cancel such process.

In a television interview which he granted to Italian State Television correspondents in the United States—Signor Sergio Telford and myself— a few days before leaving for his official visit to Italy, as well as for the economic summit in Venice and successive visits to Yugoslavia and Spain, Mr Carter seemed remarkably opti- mistic about the state of the world, and his own political future.

On relations with the Soviet Union, he declared his readiness to start moving again along a path of cooperation, which he called "the Russian- American dialogue."

But, before today, he said: "There is still detente, we are still at peace." He said he expected to be the nominee of his party and to win the coming presidential election.

Mr Carter did not appear to

share the deep preoccupation with the changes taking place in the balance of power be- tween the United States and the Soviet Union, which immediately comes to the sur- face in conversations with senior officials at the White House and the State Depart- ment.

The Middle East, or south- west Asia as the Americans now call it, with a somewhat ominous similarity in sound to what was South-East Asia— or Indochina—worries Washington officials, because they detect a "scenario" which might lead to a direct confrontation between the superpowers, with- out any deliberate choice on either side to seek a showdown.

The lack of any serious effort by either superpower to look for a new deal in their relationship, (more than ever a "special relation" in the cold war as much as in detente in so far as it carries within itself the danger of a great war) is criticized by some high officials in Washington.

The deliberate attempt by the Soviet Union to change, at a very high cost to its people, and taking very great risks, the existing world balance of power, appears, however, to be the main reason for the present

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In contrast to his senior government officials, President Carter appears remarkably optimistic about the state of the world: "There is still detente, we are still at peace," he said.

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price index showed only a 0.9
in May, the most encourage-
ment on the fight against infla-
tion since it took office.
al rate of inflation went up
per cent in April to 21.9 per
cent. Officials believe there
is that the inflation rate of
month leading to a drop of
one and four percentage points.

ruptey discharge
r Stonehouse

Stonehouse, the former Labour
minister, has been granted a dis-
charge from bankruptcy.
he was jailed on deception.
the registrar said that Mr Stone-
house's broken man and a release
might bring about an end
to his health.

id in bank

aked gunmen are holding at
extrajudicial in Milan after
very failed yesterday afternoon.
released three women. Police
ers have surrounded the build-
ing the cathedral and the Archbishop
has tried to reason with the gun-
men money and helicopters.

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Girl hurt in shooting loses her baby

Gail Kinchin, aged 16, who was shot by police when they cornered a man armed with a shotgun in Birmingham, has lost the baby she was expecting. Selly Oak Hospital said she was still very ill, and West Midlands police have expressed regret to her family.

Ballesteros disqualified

Severiano Ballesteros, of Spain, was disqualified before the second round of the United States Open golf championship at Baltusrol yesterday for arriving late on the tee. He mistook his starting time and then was delayed by traffic congestion on his way to the course.

Employment Bill: Mr James Prior tries to placate backbench critics by reaffirming that closed shop and picketing clauses reflect Tory manifesto.

Probation officers: Moderate chairman tries to prevent break-up of association amid fears of political militancy.

Coup fails: Indonesia: arrests plotters it says tried to oust President Suharto.

Classified advertisements: Personal, pages 12, 25, 26; Appointments, 7, 10; Home and garden, 25; Postal Shopping, 25.

New Hebrides crisis request reconsidered

Father Walter Lini, the New Hebrides Chief Minister, is reconsidering his request for the UN to declare a state of emergency in the islands and use troops to quell the rebellion. Mr Peter Blaker, Minister of State at the Foreign Office, said in the Commons.

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Letters: On the new history, from Mr John Biggs-Davison, MP and others; Public ownership of the press, from Professor L. R. Christie; Leading articles: The Venice summit; Local government overspending.

Features, page 14

Caroline Moorehead on the pleasures of playing the honours game; Peter Ryde's golfing perspective; Philip Howard on the Greeks at Oxford.

HOME NEWS

Girl injured by police shots loses her baby

From Arthur Osman, Birmingham

Gail Kinchin, aged 16, who was shot four times by police marksmen during an incident at Rubery, Birmingham, on Thursday, has lost the baby she was expecting. Selly Oak Hospital, Birmingham, said yesterday.

She had been held by a man armed with a 12-bore shotgun, and was injured when the man allegedly used her as a shield when cornered by the police.

The hospital said that an initial examination had shown no sign of foetal life, and in the course of surgery a baby of about 24 weeks was delivered and confirmed to be dead.

"Other serious injuries are being treated. She is still very ill and is being nursed in the intensive care unit. Her condition remains stable."

West Midlands police have expressed regret to her family. An internal inquiry had started, it was stated.

The incident began when Mr James Wood, aged 40, of King's Heath, Birmingham, Miss Kinchin's stepfather, had been shot at his home. Mrs Wood was forced to drive a man to a house some miles away in the suburb of Northfield where Miss Kinchin was staying. She was taken at gunpoint and police chased the car to a block of flats at Rubery.

Sir Philip Knights, Chief Constable of the West Midlands, answered questions about a 15-hour period before police disclosed that the girl had been wounded by bullets rather than shotgun pellets as at first stated.

Officers had been fully committed at the time and there had been no cover up. Police had had to wait to talk to doctors and they had still not had a full report from them. An hour after he was shot, Mr Wood had suffered bullet wounds, apparently from the same gun, statement was issued, which in itself was an answer to any cover up allegation.

Det Chief Supt Thomas Meffan, head of CID operations, said he had not been able to speak to the girl. In answer to questions about her wounds he said: "She has four entrance holes". Sir Philip, asked if there was any suggestion of reviewing the force's firearms policy, said: "No, we consider it is the policy is correct."

He said that two officers who had used their guns were still on duty and would give evidence to the internal inquiry held by Mr Meffan.

Sir Philip, asked if he accepted responsibility for the incident, said: "I have to, that is my job."

Closed shop and picketing clauses reflect manifesto, Mr Prior says

By Ian Bradley

The Employment Bill meets the commitments made by the Conservative Party at the last election, Mr James Prior, the Secretary of State for Employment, said last night.

His remarks, at a by-election meeting in Glasgow, were almost certainly designed to placate his backbench critics in the Conservative Party, many of whom feel that the Bill falls far short of manifesto commitments in its clauses on the closed shop and secondary picketing.

The Bill was successfully carried through its committee stage in the House of Lords yesterday, without amendments, proposed by a group of Conservative and cross-bench peers to strengthen it, being taken to a vote.

In his speech Mr Prior said that the Bill would give every other sector of the economy the same protection as the public sector, but he said it was not a pacesetter for the private sector as the only incomes policy that governments could successfully operate.

In another important speech yesterday, Mr Douglas Hogg, Conservative MP for Grantham, said that ensuring that public sector pay settlements did not become a pacesetter for the private sector was the only incomes policy that governments could successfully operate.

Speaking in Carlton, Lincolnshire, he said: "All governments have an incomes policy. We have a very clear view of what the massive cost of wage settlements. By our system of cash limits in the public sector we have a means of limiting the overall cost of public-sector wage settlements."

Mr John Morris, Labour MP for Aberavon, predicted yesterday that unless Mrs Margaret Thatcher did a U-turn in her economic policies, "by the end of this Government she will have established a banana monarchy with inflation over 20 per cent and over two million unemployed."

He told the annual general meeting of his constituency party, "a free-for-all with wage settlements above 20 per cent year after year means that in about four years' time the pound in your pocket is worth 50 pence. It just cannot go on."

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Difficulties seen over 'sus' law repeal

By Marcel Berlins, Legal Correspondent

The Commons Home Affairs Committee, which had recommended the repeal of the "sus" laws had underestimated the difficulties which would result, Mr Timothy Raison, Minister of State at the Home Office, said in Northampton last night.

Addressing the Northamptonshire Asian Advisory Panel, Mr Raison said that repealing the law would leave a vacuum, and there was some risk that the police would be left with insufficient powers to protect the public.

Where, for instance, a suspect put his hand into someone else's pocket in a bus queue, but the pocket turned out to be empty,

a charge of attempted theft might fail, because of the present state of the law.

Mr Raison also gave the example of the police seeing someone they believed was about to steal a woman's handbag.

"They may want to intervene at once to avoid the risk of upset or injury. But if they act promptly, matters may not have gone far enough to constitute an attempt. So, without 'sus', the police could arrest but not bring a charge."

He emphasized, however, that the Government was committed to ending the present "sus" law, but had not yet decided how best to fill the gap in the law that might be left.

He attacked proposals for the mandatory resection of MPs and control of the manifesto by the NEC as undemocratic and unrealistic. She also criticized the NEC for committing itself in policy statements to curb inflation and bringing back full employment, "while bragging not word about income policy."

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Civil Service incentives plan is ready

By Peter Hennessy

Sir Derek Rayner, the Prime Minister's adviser on the elimination of government waste, has completed his plan to improve the motivation of the Civil Service and to raise its morale by rewarding officials of proven ability.

As predicted in *The Times* on May 23, Sir Derek's scheme is intended to transform the nature of the Civil Service by rewarding its hierarchy.

The plan is set out in a letter from Mr Paul Channon, Minister of State at the Civil Service Department, to Mr William Kendall, secretary general of the Council of Civil Service Unions.

Sir Derek suggests: "that success in post where no financial or non-financial progression is possible should be rewarded by bonus payments or by personal promotion as opposed to the upgrading of the post; that it should be made possible to advance individuals by two or more grades in recognition of their track record, potential and the needs of the service; that individuals should no longer be entitled to automatic annual increments regardless of merit."

Replying on behalf of the unions to Mr Channon's letter, Mr Peter Jones, secretary of the Council of Civil Service Unions, points out that the proposals affect areas covered by present agreements and says the unions will need the full information from the Government on possible changes.

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Mr Walter Cousins, who has been awarded the BEM after delivering milk to No 10 for the past 10 years.

Gold top day for the milkman

Continued from page 1

1960, who is appointed an OBE.

The arts are well represented with a knighthood for Angus Wilson, the author; CBEs for Margaret Drabble, the author, Frank Muir and Denis Norden, broadcasters, and Professor Frederick Rimmer, professor of music at Glasgow University.

Among those awarded the British Empire Medal is Mr Walter Cousins, who for the past 10 years has delivered the milk to 10 Downing Street. Mr Cousins, aged 65, has worked for Express Dairies for 50 years.

There are 702 honours in total, the same number as in the New Year Honours. Of these 136 go to women, 79 to Scotland, 35 to Wales and 35 to Northern Ireland. There are 224 honours for local services, including 13 teachers, 21 policemen and 13 nurses.

Awards in full, pages 4 and 5. Honorary games, page 14. Industry honours, page 19.

Among sportsmen honoured are Mr Frederick Brown, chairman of the Cricket Council (CBE), Geoffrey Boycott, the cricketer, and Joe Mercer, the

One theory is that the crate may have had its original contents removed somewhere in transit and replaced with the drugs.

The Moroccan Embassy spoke to the Foreign Office on Thursday when it heard what had happened at Harwich, the Foreign Office said yesterday.

A customs official said that at this stage there was "no evidence that any person at the Moroccan Embassy is in any way culpably involved."

No embassy official is understood to have ever come under suspicion for drugs smuggling and the Foreign Office said there had been very few cases of drug smuggling by members of the diplomatic community in London.

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MIDDLE EAST

Carter confident of breakthrough in Middle East peace negotiations, but warns EEC not to subvert process
White House believes the Western alliance is now much stronger

from page 1

Mr Carter does not have these worries, or the appearance of feeling that the cohesion of the Western alliance and its ability to stand up to these challenges. His optimism appears to me to be some of the main of our talk.

Western relations, however, are much stronger than in the past, because the alliance was tested for many years, because the alliance was tested for many years, because the alliance was tested for many years.

On the American feelings about the Soviet Union, I think the word "betrayal" is completely erroneous. Sometimes they do not support us strongly enough, but we recognize that our actions are not completely pleasing to our allies, but that is inevitable in an alliance of free and independent nations, that are all democratic in their nature.

On consultation between the allies, "I think we will be discussing in Venice improve-

ment in the methods of consultation. We do not claim that the alliance is perfect and we always probe for ways to strengthen the alliance and to create more harmony and better consultation. That commitment is one of the reasons for my visit to Rome and to the subsequent meeting of the alliance leaders."

On the Middle East: "It is important to look at these matters in perspective. Two years ago it was inconceivable that Israel and Egypt would be sitting down together working on ways to alleviate tensions between them, with open borders and diplomatic recognition, ambassadors, tourism and trade. The Camp David accords have brought that progress into being. They outline a way to resolve the Palestinian issue in all its aspects, and to give the Palestinians a voice in the determination of their own future."

"These phrases that I have just quoted to you have been approved specifically not just by me and President Sadat but also by Prime Minister Begin, and by the Knesset. So we have a basis here for progress. It is obvious to everyone that the relationship between Israel and her neighbours is crucial to the stability and maintenance of the peace in the Middle East; and this Camp David process is the only one in the last 30 years that has made any progress in

guaranteeing to the Palestinians the realization of their own rights. "I am committed to it. If the European Community wants to take actions that are constructive, we will welcome them. But to subvert or to cancel it would be a very serious mistake."

On hopes of a breakthrough in negotiations: "Yes, I hope there will be a breakthrough. It has happened before. When we went to Camp David there was no prospect of an assured success, but almost miraculously the Egyptians and the Israelis reached an agreement. When I went to the Middle East it was to salvage what seemed to be a hopeless breakdown in the relationship, from that came the peace treaty. I cannot guarantee success but I guarantee that we will work for success, the best possible avenue being the use of and the building upon the Camp David approach."

"I am personally involved almost on a daily basis, in directing our negotiators and in dealing directly with the Prime Minister of Israel and the President of Egypt. And I will be meeting with other leaders from time to time. We have got a good correspondence with the Saudis, who have had a beneficial influence on occasions, and the King of Jordan will be here to meet with me for two days. I do not expect a meeting with Sadat and Begin

any time soon, but they are always willing and eager to join in discussions when it is necessary."

On relations with the Soviet Union: "There is still detente, we are still at peace. We have a continuing deep commitment to the control of nuclear weapons. The SALT process is still a viable process, which we will continue to pursue. The problem is that the Soviets have interrupted the arms control process and have also damaged the process and detente by their unwarranted and vicious invasion of the peace-loving nation of Afghanistan."

"The Soviets have made a serious mistake. The Afghan people are still heroically fighting for their own freedom against the invading Soviet forces, and we believe that when the Soviets will make a contribution towards the restoration of international stability by withdrawing their forces, then we can continue to make good progress on arms control and on the enhancement of detente. Will there be another embrace with Brezhnev, as in Vienna? I would welcome nothing more, but that is up to the Soviet Union."

On how to obtain the release of hostages in Iran: "There is no new strategy we are working on. We have tried in every way. I think that the best avenue is through a multitude of diplomatic and

economic efforts being made through the United Nations, and through other countries, to convince the Iranians that it is counterproductive for them to continue to hold these innocent people."

"This is an act of international terrorism, conceived and supported by the official Government of Iran. For other nations, like the European allies and Japan, to join in with us to convince the Iranians that they are making a mistake is very important. That is why we consider that a peaceful approach to Iran, but with some economic sanctions being imposed to encourage them to act, is important. In the meantime we are pursuing every avenue, through religious leaders, through the United Nations and others, to induce Iran to release the hostages so that a normal relationship can be started. Military measures are not being considered."

"Does he fear a 'Brutus' waiting for him at the Ides of August, at the Democratic Convention? 'No, I have faced formidable political challenges in the past and I have prevailed, and my belief is that the Democratic Party is by far the most popular organization in our nation. I expect to be the nominee of our party, and in November I expect to win the elections.'"

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Hebrides crisis
rest reconsidered

Hebrides Government, considering its re-creation and the state of emergency, the Foreign Office said the Commons.

A request had been made for the Hebrides Government, considering its re-creation and the state of emergency, the Foreign Office said the Commons.

Short, Opposition on foreign affairs, Government about re-creating conditions in the New Hebrides, the rebel leader has, but they believe he has an extensive armory and explosives taken from a government store during the uprising. -Reuters.

Verde agreement: At breakfast in Venice yesterday, Mrs Thatcher and President Giscard d'Estaing agreed to seek a peaceful solution together in the rebellion. -Agence France Presse.

Marines depart: The Royal Marines were flown to the New Hebrides in three RAF VC10 transport aircraft, while their equipment was carried by Hercules C130s (Orion Defence Corps). The use of the VC10s has meant that the RAF has had to hire a DC10 for a routine troop flight to Cyprus.

state of emergency declared with the rest of the British authorities, but the support of one duty of Britain to civil power and order.

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ne 13.—Mr. Sanjay of the Indian Prime's given an influence in her Congress

appointed to be one of four general secretaries below only Mr. Sanjay

Mrs Gandhi's supporters in the state of Uttar Pradesh, the party's success assembly elections.

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Mr Astles is held

es Harrison

37 deaths have been estimated in Uganda's on at Lusira, near the border with Kenya, through officials at a mortuary say they natural causes, the note signs of dehydration in the bodies.

Officials said that at has recently been with the allocation money, and they des of deaths from

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appeal

June 13.—Mr. Wojciechowski, the dissident publisher, said he had suspended jail for stealing a state machine.

Mr. Philip Fungura, the headmaster, had planned to build a new classroom block some years ago, but the war intervened and construction became impossible. Besides, the need for the classroom was temporarily removed because more than half his primary school children fled from the area to the relative safety of Salisbury.

Chenabura was one of the most heavily fought over of Zimbabwe's tribal trust lands. During one action last year more than 400 Zambians were killed in the lives in several days of heavy fighting against the Rhodesian security forces.

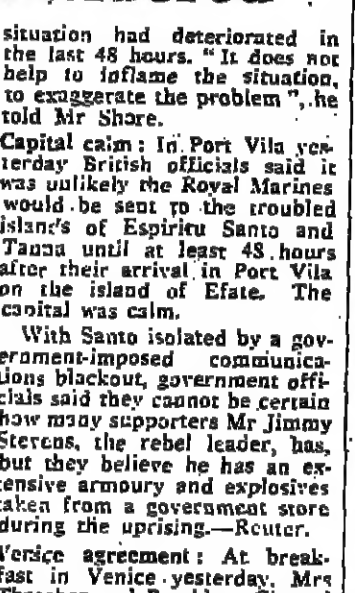
Before that the area, 400 square

kilometres of fertile valleys and rugged stone hills, had been heavily infiltrated by Zambian guerrillas.

In an attempt to undermine the local administration, they destroyed cattle dips, closed clinics and schools, burnt stores and brought a complete halt to bus services by regularly planting mines under the dirt roads.

Mr Peter Lombard, the local District Commissioner, believed that half of the tribal trust land's population of 20,000 fled from the area during the fighting, but many of them have returned and are beginning to rebuild their houses and till their fields.

South African troops inside southern Angola after destroying a Swapo headquarters.



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Arrests in Indonesia over 'attempted coup'

From David Watts
Singapore, June 13

Security forces in Jakarta recently arrested a number of people alleged to have been plotting to overthrow President Suharto, according to reports reaching here tonight.

News of the alleged attempt to oust the president was given to Indonesian newspaper

editors in a briefing by Admiral Sudomo, head of Kopkamtib, the country's internal security command. He said that the overthrow of the Government had been planned to take place on the country's National Day, August 15.

A feeling of malaise that Indonesia is making little progress with its stifling problems

of overpopulation, corruption and a sluggish economy, has been growing in the archipelago over the past year. But perhaps more significant has been increasing criticism of the Suharto family for alleged corruption and a feeling that it was time for a change in the country's military leadership.

The criticism has gradually become more open. When I visited Indonesia late last year senior retired army officers were circulating a detailed document critical of the president's rule.

But, most significant of all, the president was recently openly denounced in the Parliament for personal and political corruption.

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Residents evacuated after US volcano erupts again

Kelso, Washington State, June 13.—People near Mount St. Helens volcano were evacuated today after another eruption sent giant black clouds of ash nearly 10 miles into the sky.

The initial explosion late last night was heard 135 miles away and ash fell over a 130-mile strip of the American north-west coast, from Seattle to Portland.

A pilot, who flew close to the volcano shortly after the eruption, said: "It looks like an atom bomb. It's very, very

black. It's mushrooming. Small towns close to the volcano, 30 miles east of here, reported being bombarded by pieces of volcanic rock up to an inch in diameter.

Scientists had given warnings that there could be more trouble from the volcano around today because the moon would be at its nearest point to earth since May 18, when the volcano erupted and killed at least 32 people.

The scientists said the gravitational pull of the moon could affect the volcano. -Reuters.

Shot civil rights leader flown to New York

New York, June 13.—Mr. Vernon Jordan, the black civil rights leader, was wounded by a sniper in Indiana as he flew to New York last night for further treatment.

"He wanted to go home. There was some concern about his security," Mr. Andrew Adair, of Chicago, regional director of the National Urban League, said.

Mr. Jordan, aged 44, president of the league, said as he left Fort Wayne, Indiana: "I am well on the way to complete recovery." -AP.

Tribesmen return to build anew on war-shattered lands

From Nicholas Ashford
Chinamora, Zimbabwe, June 13

At the Tsatsa council school in the Chinamora Tribal Trust Land about 30 miles north of Salisbury, work is nearly finished on a new brick and asbestos building to house four new classrooms.

Mr Philip Fungura, the headmaster, had planned to build a new classroom block some years ago, but the war intervened and construction became impossible. Besides, the need for the classroom was temporarily removed because more than half his primary school children fled from the area to the relative safety of Salisbury.

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Before that the area, 400 square

'People's Daily' admits to spreading lies

Peking, June 13.—The People's Daily in a spectacular self-criticism, today confessed that it had twice played "very harmful role" in the past 30 years, and still occasionally published "false reports."

The self-criticism was contained in a front-page commentary entitled Communists Must Speak The Truth. The commentary said the People's Daily had violated this rule during the 1950s and again in the 1960s.

The first occasion was when it launched a "premature" "communist wind" during the 1958 Great Leap Forward inspired by the late Chairman Mao Tse-tung, and the second during the Cultural Revolution of 1966-76.

The paper said: "Our own paper played a very harmful role in the 50s and 60s. During the Cultural Revolution when Lin Biao (the former Defence Minister) and the Gang of Four led by Mao's widow, Jiang Qing) took over the paper, the People's Daily spread even more lies, provoking disturbances throughout the country."

The paper repudiated all the "false reports, false examples and historical falsifications" it had published in the past.

The People's Daily has a circulation of six million and sets the tone for the whole of the Chinese official press. -Agence France-Presse.

Militants from S Africa in Zimbabwe recruiting drive

From Frederick Cleary
Salisbury, June 13

The African National Congress, the militant black movement which is banned in South Africa, is reported to be active in Zimbabwe without the official knowledge or authorization of Mr Robert Mugabe's government.

According to sources within the ruling Zanu (PF), ANC members are seeking recruits and financial support. Mr Mugabe could be highly embarrassed by their presence, as he has said that while he supported South African liberation movements, politically and diplomatically, he had no intention of allowing foreign guerrillas to operate in Zimbabwe.

If he sanctioned their presence he could jeopardize the links Zimbabwe needs to maintain with her southern neighbours. The sources say about 100 ANC men are here, mainly in Salisbury and Bulawayo, recruiting by word of mouth.

In another development, Mr Nathan Shamuyarira, the Zimbabwe Minister of Information, has said he will make radical changes in the state-controlled radio and television services to redress their present racial structure.

He told Parliament that for the first time the broadcasting media would become the

mouthpiece of the people as a whole and not for any one race and certainly not for any politicians.

He said that in the days of the Rhodesians, the broadcasting services had been run essentially to terrorise whites and attack and polarise blacks. For those who could not accept the change it was "rough luck."

The broadcasting media has been criticized by whites and many blacks for its recent pro-communist programmes. Unnamed black commentators have attacked capitalism and the United States in particular.

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President Mugabe's regime in Cuba has been praised and "colonialists" and "imperialists" have been denigrated.

Foreign businessmen seeking investment opportunities are reported to have left after hearing the broadcasts.

Mr Mugabe said they were not official government policy. An unrepentant Dr Shamu-yarira said such commentaries were intended, to counteract the effects of the negative and distorted facts put out by the media when under the control of former regimes.

Mr Edgar Tekere, the Minister of Manpower and Planning, said the revolution was still on, and that the traditions of the horrible past

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Saturday Review

The Russians are coming

by Zdeněk Mlýnár

The wave of liberal reforms which Alexander Dubček led in Czechoslovakia culminated in the heady Prague Spring of 1968. The stultifying yoke of Stalinism had been loosened. Free speech was permitted and widely enjoyed. At last, it seemed, Marxism-Leninism had been softened and made to work in the interests of the people. It was to prove a brief dream. By the August of 1968, Dubček's "communism with a human face" was under military attack from the Soviet Union. Like Kereš in October 1917, Dubček and his central committee waited patiently to be arrested and deposed. Zdeněk Mlýnár, a friend and close colleague of Dubček's, describes the scene.

Military aircraft bringing tanks and troops to the Prague airport in Ruzyne were roaring over the Central Committee building at increasingly frequent intervals on the night of the twentieth, and the building itself began to empty as regional and factory functionaries, and journalists as well, returned to their places of work. Some members of the party leadership and their aides and assistants remained in the building, along with some Central Committee employees who had managed to reach the building after hearing the news on the radio. Towards 4 am I was sitting in Dubček's office along with Dubček himself, Smrkovský, Křižel, Špaček, Šimon, Křiváček, Slávek, Jakes, and Kapek. I am absolutely positive that all these people were present. Barbiček and Rigo may also have been there, but this I'm not sure about. Piller as far as I can recall, did not say there with us, but I could be wrong about that. And Blásek, Kolder, Svědka, Indra, Votava, and Erben were almost certainly not present in Dubček's office. Erben may well not even have been at the afternoon session of August 20; at least I cannot remember that he spoke there before midnight. Sometime after 4 am a black Volga from the Soviet embassy pulled up in front of the Central Committee building, followed immediately by armoured cars and tanks. Soldiers in Soviet paratrooper uniforms—wearing coloured berets and sailors' jerseys under their shirts—jumped out of the



armoured cars carrying automatic weapons. The tanks and soldiers surrounded the building and tight cordons of troops blocked off all the entrances. Several officers and a platoon of paratroopers ran inside. I was watching all this with all the rest from the window of Dubček's office, and I felt the same sensation of unreality that one has watching a film. Yet I remember saying to myself very clearly: yes, those are the same soldiers you welcomed and embraced joyfully on May 9, 1945, with whom you drank vodka and were friends for five years in Moscow; they are not shadows on the silver screen, and very soon their automatic rifles will be pointed, not at the capitalist dogs in the Winter Palace, nor at the surviving Reichstag guards, but at you, personally. At the same time, something inside me kept insisting that it was all a kind of misunderstanding: I knew their language and their way of thinking, their military ranks and commands; I could imagine what they talked about off duty and how they regarded their own commanding officers, and even what they thought of Brezhnev himself. It was quite unthinkable that they'd shoot me just like that. No? And why not? Had I already forgotten the stories

my room-mates had told me at the Moscow University, all of them veterans of the front? Had they never ever before on similar occasions shot perfect strangers who were not the least bit dangerous? Because they were quarrelsome? And yet what I felt in that moment was different from what I had felt one night during the war, after Heydrich (the Reichsprotektor in Czechoslovakia) had been assassinated by Czechoslovak paratroopers sent from London. The Nazi military and police patrols, armed with very similar-looking machine-guns, were searching at random for Heydrich's assassins in the different quarters of Prague. They walked through the street where we lived, and I saw them from the window, grey spectres disappearing into homes and flats. I knew that my father, who had been an officer before the war, had his old uniform concealed in the closet, and somewhere else in the flat was a hidden weapon. I was very simply and deeply afraid because they were the enemy, and I knew that if they entered our flat that would be the end. They didn't, as it turned out.

These soldiers now entering the Central Committee building did not evoke in me that simple, animal fear. Of course, I was no longer a little boy who would be unimportant to those who would soon be here. But I knew they had their orders, and those orders could hardly have been to kick in the door to Dubček's office and open fire with their automatic weapons. It was far more probable that we would be arrested, taken away somewhere and perhaps even put on trial. Things were far from over at this point, there were several possible outcomes.

But it was not my conscious thoughts that were important here, it was my spontaneous feelings and a kind of instinctive sense of security. Where did they come from? Probably from my communist faith and from the many years I had been a member of the privileged ruling caste.

My feelings were of the same order as those of the functionaries arrested in connection with Rudolf Slansky's trial. In many cases they knew the secret policemen who arrested them intimately, and in some cases had even given them orders to arrest others. When their turn came their first reaction was this instinctive certainty that there was some kind of misunderstanding: it was simply unthinkable that the police could suddenly be used against them. It was the false security of faithful Communists and people with the privilege of power.

It may well be a feeling far older than communist faith and government: the church authorities who found themselves before the Inquisition must have had this feeling at first, before it was dispelled on the instruments of torture and ultimately when they were burned at the stake as heretics.

It is again difficult to speak for others in such matters, but I don't think I was the only one with this secret, unconscious feeling. At least not if the behaviour of all those subsequently held captive for hours under Soviet machine-guns is also indication. In his posthumously published memoirs, Josef Smrkovský recalled how after witnessing from the window of Dubček's office a Soviet paratrooper accidentally shoot a young man marching at the head of a peaceful parade of people carrying the Czechoslovak flag

and singing the national anthem he immediately called Ambassador Chervonenko to declare him responsible for the young man's death. Could Smrkovský have reacted this way had he not felt—despite the guns aimed at his head—that he was still a partner—at the very power possessing his country—that he was one of the rulers, just like Chervonenko and Brezhnev?

Suddenly the doors of Dubček's office flew open and about eight soldiers and low-ranking officers with machine-guns rushed in, surrounded us from behind around a large table and aimed their weapons at the backs of our heads. Then two officers came into the room. One was a colonel, who was shorter than the other, almost dwarfing him in stature, but so commanding in manner, a whole row of medals, perhaps including the golden star signifying a "Hero of the Soviet Union". He addressed the sergeant-major.

He announced that he was taking us into custody and began to issue various commands. Then someone—perhaps it was Dubček—said something, and the colonel roared out: "No talking! No talking! No talking!" I might have tried to ignore him. But it suddenly and quite spontaneously provoked in me such feelings of anger, humiliation, fear, and that strange sensation of immunity that comes to exiles that I lost my temper and shouted imperiously at him in Russian: "Behave as you were told. Where do you think you are anyway? You are in the office of the First Secretary of the Communist Party. Do I have orders to silence us? Of course you don't. So obey your orders!"

The colonel was flabbergasted and started to say something but then thought better of it. Without a word he looked around the room and then left. A while later he returned with an escort and continued to behave arrogantly, but not a word was mentioned about not talking. He began making a list of those who were present, which suggested to me that his superiors had no idea who was where. Perhaps they did not even know where the members of the promised "revolutionary government" and the "revolutionary tribunal" were either.

The soldiers cut all the telephone lines in the room and closed the windows so that the crowd, which had gathered outside beyond the cordon of paratroopers, could not be heard singing the national anthem and shouting slogans and chanting Dubček's name. But even with the windows closed, the sound of the crowd and occasional shouting filtered through. We were sitting around a table, silent now, each of us with a paratrooper behind us pointing his gun at our heads. Bohumil Šimon reached into the bookshelf behind him and pulled out a book at random. It was a history of ancient Greece.

"Well now, let's see what we're in for," said Šimon, and he began to read. The book fell open and pointed his finger haphazardly at a sentence, which he then read to us. It was someone's—perhaps Plato's—comment that democracy is not the best form of social organization because it leads to a general decline in discipline to the point where even animals are allowed to walk freely in the streets. "There, now you know why they're here, comrades," said Šimon, and he closed the book. This lightened the mood, and we began to talk with each other.

František Křižel glanced at his watch. It was shortly after 5 am on August 21, 1968. "I don't think much will happen before eight," said Křižel, "until they get everything together. We're all tired, and I'd advise you all to get some sleep. We're going to need close heads." With these words, he went up, walked over to an empty space behind the chair Dubček sat in when he chaired the meetings, lay down on the carpet, put his briefcase under his head and prepared to go to sleep.

He really did fall asleep. About ten minutes later, a powerful sneeze arose from where he lay, and it was so sudden and so loud that all eight paratroopers stiffened and instinctively pointed their automatic weapons at the reposing Křižel. At first I thought he was doing it deliberately, but he went on sneezing, contentedly and naturally that all of us, including our guards, soon realised that he was genuinely asleep. The guns were turned back to point once more at the back of our heads as we sat around the table.

As Křižel had correctly foreseen, nothing happened at all for about three hours. We sat there for the most part immersed in our own thoughts; occasionally two people next to each other would discuss something, and someone else would read. Dubček's office had a washroom of its own, and everyone who went there was accompanied by a paratrooper, who stood by the door. When we were finished, he would go in and make a thorough check, inevitably emerging with his right arm wet to the elbow. He had obviously reached into the water-tank, and perhaps even into the toilet bowl itself.

About 9 am, shortly after Křižel woke up, he suddenly refreshed and took his place among us at the table. The dwarf-like colonel entered the room again, this time accompanied by two more Soviet officers and three men in civilian clothes whom we suspected—even before they opened their mouths—of being members of our own Czechoslovak State Security Forces. I almost certainly knew one of them from somewhere, a light-haired, slightly older man of about 40. Perhaps I had once lequired to him about socialist democracy, or at one time he may have worked somewhere in the political apparatus, where I might have run into him. But he just stood there, silently while a taller black-haired man did the talking. He asked: Dubček, Smrkovský, Křižel, and Špaček to follow him.

One of the four I think it was Dubček, asked him why, in reply the black-haired secret policeman uttered another formulaic sentence, which I cannot recall precisely, but was something like: "In the name of the revolutionary tribunal ordered all four to hand over their weapons. Smrkovský laughed and mockingly searched himself, turning his pockets inside out and placing a jackknife on the table saying, "We don't need weapons against our own people." The perplexed secret policeman, who in the meantime had moved closer to Dubček, stopped. Dubček stretched his arms out, and with his disarming smile, said to the one closest to him: "Go on, search me, search me." Although the Soviet colonel did not understand the conversation, he did grasp the inappropriateness of the whole scene and ordered them all to leave the room. Smrkovský put a couple of lumps of sugar that were lying on the table in his pocket and turned to the rest of us with the words: "I advise you to take some too, it'll come in handy. I know from my experience in Ruzyne" and he was led out of the room.

It was now clear to everyone what the situation was headed. "Things are getting rather warm," someone remarked. A long period of tense silence followed. Those whom it might have concerned occupied their thoughts wondering how this "revolutionary tribunal" might work. It was a far more concrete and rational preoccupation than had been contemplating the arrival of the paratroopers with automatic rifles at the beginning of the final act.

The time passed uneventfully, and I cannot recall the precise timing, or even the order, of the individual incidents that followed. The Soviet officers returned once more this time without their Czech escort—called for Šimon, Jakes, and Kapek, whom they led out of the room. It was an odd combination, and we discussed every possible explanation we could think of for putting those three together. Šimon, after all, did not belong with the other two, and the three of them together could certainly not have been put before a "revolutionary tribunal." As it happened, Šimon was put along with the first four arrested, and the other two were probably taken away for meetings with the Soviet authorities.

New orders were then evidently issued to the guards, and they relaxed and sat down in the chairs with their guns no longer aimed at the backs of our heads but resting on their laps or in front of them on the table. At noon the sirens of the Prague factories suddenly began to wail. At first the soldiers leapt up with their guns at the ready again, but then they relaxed.

"What's that?" I was asked by the lieutenant who had been assigned to look after me. He was not wearing a paratrooper's uniform but one belonging to the normal infantry, and he had treated me politely from the beginning. A documentary film from those days shows this same lieutenant looking out of a window of

Dubček's office. Smrkovský said he was looking out of the window with him when the soldiers down below shot a young Czech man, and added: "He was a decent sort of fellow." I recall that when there was shooting down below, this Soviet lieutenant became extremely upset and at one point was clearly holding back tears.

"What does it sound like—factory sirens?" I replied. "But why?" he asked. "I don't know. Let me go and find out. I'm also curious." "I haven't the right to do that," said the lieutenant. I added that the workers were probably going on strike and were declaring their intentions with the sirens.

"The workers turned on the sirens?" he asked incredulously. "Why not?" I replied. "Surely, you're not trying to tell me," the lieutenant went on, "that workers have access to the sirens. The management must have given the order, and so the sirens are blowing." "And that is how my discussion with the lieutenant guarding me began. I dismissed how things were different in Czechoslovakia and how even he must be able to see for himself that the situation was exceptional and people were reacting accordingly. He did not seem convinced. Then I asked him why he thought I had been sent to Prague. His reply was on the whole very coherent and on approximately the same level as Brezhnev's letters: he explained the "counter-revolutionary situation" in Czechoslovakia. He spoke in a rather cultured Russian with a certain ideological conviction.

He said he was a graduate of the Moscow Institute for Literature, and that the only reason he was now in Czechoslovakia was because he had not been able to find work in his field and so had joined the army. Other discussions developed between the detained and their custodians. Insofar as the detainees' knowledge of Russian would allow, the paratrooper assigned to Václav Špaček finally began talking French with him, and it turned out that he too was a university graduate who was now using his education in this rather odd fashion.

The Central Committee building had been entrusted to the famous Toman division, which also traditionally takes part in the various palace revolutions in the Kremlin. It is a highly elite, select unit. One has to admit that, from quite unexpected standards, the selection was truly of high quality.

That afternoon Dubček's personal chauffeur, Jozef Brzák, brought us food from the kitchen of the party hotel. Not only that, he had telephoned all our families to inform them of our situation and slipped messages from those family members he had managed to contact under the service of the coffee tray. Brzák had known Dubček ever since the resistance battles of the Slovak national uprising (August 1944), and it was there that he became familiar with the mentality of the Soviet soldiers and officers. He could also speak Russian.

As I learned later, he was able to get in and out of the completely surrounded Central Committee building simply: in a self-assured he just told the guards: "not subordinated to you have my own orders as own commanders." Then the tremendous confusion military, political and units, something which could ever be expected to keep straight, the never failed.

When we had finished eating, we sat and looked longingly at the over-bits of cheese, bread, and beer and so asked them if they hungry, too. With that, he betrayed a military secret: they had not had any to eat or drink since the before. They eagerly set finishing the food, and this the last remnants of caution disappeared.

My lieutenant dismantled his automatic on the table when I cor his model to my own second lieutenant in the army during my military vice in Moscow. He explained the distance between old and new models and the qualities of his weapon, reliable in the Soviet Central Asia beyond the Arctic circle was not until I said the word, all this about your weapons and go the Arctic circle that I used, how sharp his belt was in the situation, hastily reassembled his and went off by himself.

I became convinced this lieutenant and I go off somewhere for to live and drink, not might well recognize absurdity of the military intervention, there were many his among the Warsaw troops. For discussion between the Soviet solid Czech citizens were place not only in the milieu of the Central Committee building and wit guards, but on the Prague and other in cities between simple citizens and the sold their tanks.

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Fred Emery

Putting the Nervous Nellies to flight

Last week saw a lot of political cars upset, with the apples of discord sent flying. Whose plans turn sour will not take too long to discern. But before crowing over Labour's in-fighting, and now the Liberals' jitters about Mr Roy Jenkins's designs on their patch of centre ground, Tories might care to take a closer look at all this insistence, re-insistence, indeed over-insistence by Mrs Thatcher about holding firm, not being deflected, definitely no U-turns, and so on.

My suggestion is not that the lady protests too much, nor that her crescendo of defiance conceals imminent surrender to those who would change course, or at least trim the sails. It is that she is convincing some of her colleagues that she is intent on her pledge that she would rather be right and lose the next election. And now she has been told, in effect, that she cannot succeed in time for the next election, and by no less than the Government's guru. How else is one to take the letter in *The Times* of Friday the Thirteenth from Professor Friedrich von Hayek, of Freiburg?

This monetarist mentor extraordinary, whose teachings (via Sir Keith Joseph) Mrs Thatcher has eagerly lapped up in the past, has lately been propounding a big bang theory against inflation, that of swallowing all the bitter medicine at once to have any hope of stopping inflation in its tracks.

Now he says time has run out; even that cannot be achieved in the time available to the Government, unless first of all, the unions are curbed.

So he proposes a big bang to get rid of union privileges. Here is the proposal in full:

"As I see it, within the time available what is required can be achieved only if the Government, in the near future, obtains through a referendum popular instruction at once to rescind all the special privileges which have been granted to the trade unions by law, and is then ready immediately afterwards to terminate inflation instantly. Only this can make it possible for the beneficial effects of such a policy to manifest itself some time before the term of the present government runs out."

Conceding some hesitation over a proposal he describes as "radical" von Hayek nonetheless warns "if the present rightly directed efforts fail because of delay, it may be the loss of the last chance of a British recovery for generations."

Well, a professor, however eminent, can be wrong, and perhaps he should stick to economics. But he has a nice eye for Mrs Thatcher's predilection for referendums even if it is playing with dynamite. To get to such a referendum Mrs Thatcher would have to jettison a good chunk of her Cabinet; jettison a rebellion from the left of the Tory party in the Commons; then face an electorate which even on present discontents with trade union leaders could hardly be expected to surrender all their historic privileges. A recipe for playing into the Labour left's hands before the next election, never mind in it, could hardly be better devised.

But what of von Hayek's point,

which remains, that without such draconian measures the present Thatcher policies simply do not have time to work?

My point on dwelling on it—at the risk of provoking another letter from the Professor—is that this canter of doubt, although arrived at from a diametrically opposed starting point, is what is now more than, ever dividing the Cabinet, and senior and junior MPs and Conservative supporters.

The Prime Minister's vibrant rallying cry for all to have faith that it can be done, in her Wednesday speech to journalists, is a sure sign that she feels the need of more allies. She is sure she has had the best of the argument—what little there has been inside Cabinet—and she wants to put the Nervous Nellies to flight. Lord Thorneycroft, another of the Prime Minister's mentors, was doing his bit in his noted speech in the House of Lords. He even claimed it was "a success story" the Government had to tell of consistency in policy and determination. He may have made MPs wince with his demand that they set the country an example by accepting a single digit pay rise, but his most telling phrase was: "There is another reason why I do not think we will go back; it is that we have nowhere else to go."

Yet the facts of Britain's present plight, as well as the Government's priorities in facing them, are causing alarm beyond union officials. The CBI cries out for relief. Conservatives, like Mr Edward du Cane whose political motives may be

suspect to the left and to the right, nonetheless keep up pleas to the Government not to make the recession worse.

One Minister last week confided that the economy was being plunged over the cliff of recession, and that he saw little chance of recuperation until it came to picking up the bits. Yet other Ministers reacted sharply to their Treasury colleagues' idea of teaching local authorities a lesson, threatening a halt to all capital projects in council buildings—an apparent earnest of Mrs Thatcher's vow on Wednesday that "we will do whatever is necessary."

And one of the more diffident Cabinet dissenters but his head publicly above the parapet this week, Mr Norman St John-Stevas, leader of the House, in a Bow Group speech of counterpoint (which I regret was not as widely noticed at the time as it might have been) to one by Mr David Howell, insisted that Government must seek "public consent", and avoid giving the impression that its policies were part of a dogmatic crusade. He urged that the most painful effects of current policies be mitigated, in hard hit areas, and that Conservatives do not sit back in a time of cuts and think nothing could be done to develop social and educational services.

The obvious forum for the Cabinet to take stock is the all-day meeting called for July 16. The dissenters, Lord Carrington, Sir Ian Gilmour, Mr James Prior, Mr Peter Walker, to name those who ought to be in the van, will have the chance to argue that the patient not be killed in the

cure. All the old remedies have of course been ridiculed in advance by Mrs Thatcher and Lord Thorneycroft. But Mrs Thatcher has a lot of persuading to do, as do her Treasury team, that the PSBR might not actually go up less fast with some reflation than with the present hard-nosed pursuit of cuts and cuts again.

Whatever the depth of the discussion, Ministers' caution firmly against expecting any policy change. All this must be set against a shift in the Government's propaganda, as if it were no longer sure of its own monetarist orthodoxy. The von Hayek-Friedman position is that wages do not, cannot cause inflation. Yet Mrs Thatcher is now orchestrating a Ministerial campaign warning that unless pay rises get down below the inflation rate, then that rate will keep on rising. This is hardly pure monetarism, and is but a step away from pay regulation by cash limit which is what the Government says it intends.

The Tory divisions ought to be concentrating Labour's minds. But the hard fact is that the Labour moderates seem at present demoralized, with many more believing than saying publicly that Mr Roy Jenkins has got his diagnosis right, even if they do not contemplate joining him. Some are saying they must stay and fight the struggle inside the Labour party—even if it throws the next election to Mrs Thatcher. Surely, it is because the Conservatives very conceivably could throw the election to them that they must carry their fight and win it.

Sole say no, but most

Hious love a gong

The pleasure of playing the horrors game

The Queen's Birthday Honours List, published today, will present no surprises for the people on it. Envelopes bearing the words "Upper Personal and Confidential" will have been delivered a couple of weeks ago, not to warn them of their coming glory but to give those who wish to do so time to refuse in practice only about one in 100 ever does. Despite all the demands to do away with them, the faintly ridiculous flavoured attached to the system, a lot of gongs remains as much part of the British character today as ever it was.

The variety and subtlety of the honours, given to those who play it (when, for instance, to raise a CBE, confident that next year a knight-hood will be offered) and of considerable benefit to everyone else.

The grades order is that of the Garter, founded in 1348 as a reward for skilful jousting. There are more than 26 members at any one time who, on their invitation, wear the blue velvet garter with the inscription *Dieu et mon droit* (God and my right). (Lo! Melbourne refused one!) The Garter is awarded on the basis of a mixture of birth and merit and is the gift of the Queen as are the Order of Merit (23 members, chosen as their names rather pointedly suggests, for their distinction) and the Royal Victorian Order (members of the Royal Household).

Most honours are far more mundane. Military men and civil servants in hope for one of the orders (Bath, CBE, KCB, GCB); diplomats for the Order of St Michael and St George (whose motto is "Taken of a better order which range in Whitehall's handy mnemonic from CMC "Call me God" to KCMG "Indy call me God" to GCMC "God calls me God").

Businessmen are best in the Knights of the Order of the British Empire, in honour introduced in 1917 by King George V with the motto "For God and Empire". The Empire fast disappearing, and the order somewhat overdone, it fell at one point into such low repute that it earned the single "Order of the Bad Egg".

A series of committees

The labyrinthine procedure of the twice yearly Prime Minister's Honours List is presided over by a civil service secretary of 12 in Northumberland Avenue under the Cerebral Officer. The present incumbent, Mr Richard Sharpe, is secretary to a series of committees which sift through the 3,000-4,000 names proposed for each list. The committees consist mainly of civil servants with a sprinkling of distinguished outsiders, particularly when it comes to the arts, sciences and medicine. These names, proposed by government departments, members of the public or even by the would-be honoree himself, are then reduced to about 1,000 before being passed on for inspection to 10 Downing Street. All are treated as equals.

The final list goes to the Queen for her approval before making its way to the Central Chancery of the Orders of Knighthood, where a staff of 12 gazette and circulate the list, order the insignia more expensively every time, organize the Palace investiture and issue the invitations.

The number of honours conferred in each list does not vary, nor does its basic composition, though a prime minister may decide during his term of office to restrict the number of degrees one way or another.

A more active hand

Until recently prime honours took little interest in those who served in the armed forces, preferring others pronounced on the basis of long service in a non-military career. Sir Harold Wilson, who before his renowned election List, decided to more active hand in the abolished political system.

There has since been debate over their use. Last November Mrs Thatcher announced that she was introducing them, and a little smugly that she made certain that any dates of her own would be the Political Honours Committee for clearance.

Invited to the opposition list names, Mr David agreed: Mr Callaghan's name was not on the list. The honours list, a of so much longing and long recognized as a and satisfactory way of ing voluntary service, continue to call for attention: Mr William Hamlyn, Labour MP, reserved criticism of royal salary, said it arouses hilarity.

The chairman of companies object that the head of nationalized firms are more richly speedily recompensed than others; both groups in to that civil servants are to favoured and their too automatic, particularly in their salaries no longer pay unfavourably business world. And of the perennial complaint system that has seen post footballet and TV pees honoured has not given recognition to women, v using less than 20 per cent of the honours. The year was Jubilee Year, but figure was 22 per cent, the list that followed down to 16 per cent.

Over the years, her peerages have fallen in favour: no baronesses been created since 1964, and no Countesses since November. Mrs Thatcher she did not exclude the ability of reintroducing the only for "something of great distinction". A ingredient in the honours must be to speculate with something could be.

Caroline Moore

Sportsview on the manager of the Spanish golf star who has made a surprising exit from the US Open

The Mormon who drives Ballesteros



Ed Barner, the shrewd manager who does not play golf, and his most rewarding client, Severiano Ballesteros.



To understand the man behind Severiano Ballesteros it is first of all necessary to forget Mark McCormack. The name of golf's best known manager has so often been linked with that of Ed Barner, the man who does for Ballesteros what McCormack would no doubt like to be doing, that they appear as deadly competitors playing the same role.

In fact the approach to their business of these two successful entrepreneurs is quite different. McCormack is the golfer's man who will talk on the subject for hours and has talent spots everywhere. Barner does not talk the golfer's language, he does not play the game nor does he want to learn it. About the time that he was doing a two-year missionary spell for the Mormon Church in Berlin, McCormack was one of Arnold Palmer's sporting partners on the fairways.

Barner regrets none of that. That two-year spell, apart from

giving him a discipline for life, also bred in him self assurance and familiarity in dealing with people which he put to use on his return by becoming an impresario in show business. It was Billy Casper, also of the Mormon persuasion, who first drew his attention to the talent of the Spaniard in an international tournament in 1975. The following year brought Johnny Miller, at that time in Barner's camp, together with Ballesteros in the Open at Birkdale and that autumn the contract was signed: McCormack's wide net had for once failed to catch a superstar, but if Barner is not number one in golf management he has a good deal of what Ballesteros needs.

For one thing Barner has a small enough group of sports clients to take genuine interest in each one. He could probably not hold a golf club properly but his insight into human nature may be of great value. Last March some weeks before the Masters he looked across a desk in his Los

Angeles business suite, and said: "You know... (Pause as his spaniel's eyes took on their most solemn look)... Seve is going to win the Masters." He tapped his head: "Up here, he has won it already. I have never in my life seen anyone so determined."

Until the mid-sixties little used to be heard of the need for a star golfer to pace himself. It was Palmer, the great ex-croquet, whose talent was seen first to be in danger of being destroyed by his engagement diary. Nowadays pressures of a full programme at the top are more widely recognized by the players. Barner is in no doubt about the importance of not crowding on too much sail, to change the metaphor. "I do not want Seve hopping back and forth across the pond. I would like to see him never play more than three weeks in a row without a week off, or four weeks with a week off." That shows early and unusual consideration for his

client. So far it has worked splendidly. Looking back, his victory in the Masters was a beautifully planned raid, inspired by the Spaniard's proud determination to get at least some American recognition. Unfortunately he received recognition which he could do without yesterday, when he was disqualified before the second round of the United States Open at Baltusrol for arriving late at the tee.

Stay around long enough in golf and one can hear something derogatory about the best of them from Bobby Jones down. Ballesteros has, in Barner's opinion, been the victim of considerable jealousy in the United States. Only by a few, most of them in Barner's "stable" was this knee spindled. "I made a welcome Spaniard" made something of an idealist, sees the tour as a place where jealousy can flourish more easily than the development of character. The vagabond life you have to lead on tour hardly gives

such development a chance. That needs education, grooming, discipline. You know your career will last 10 to 15 years at the most and that can make you a fairly mercenary person. One can perhaps see in this evidence of Barner's missionary training, of such austerity as is implicit in his having been 10 years ago a member of the Board of the American Council on Alcoholism Problems.

In handling Ballesteros, Barner is engaged on his most challenging and rewarding task: in a career which has been devoted to showmanship and public relations since he graduated some 20 years ago from Brigham Young University with a degree in the Department of Fine Arts and Communications. Can he from the far coast of America bring the right influence to bear on a man whose work lies principally in Europe and whose heart is buried deep in the Spanish countryside? Barner sees no difficulty in

this, and indeed the geographical gap may be an advantage in requiring plans to be made long term and in discouraging sudden switches in schedules. Language is no problem. Ballesteros has acquired English with astonishing ease and if Barner still has difficulty in putting across the finer shades of meaning, his answer to that is that often enough he has the same difficulty in dealing with his own countrymen. Barner, whose business connects and the submerged part of an iceberg of which his select group of players is just the tip, has already shown a mature understanding of a champion's needs. If he can preserve over the next few years that bright talent, by restraining its owner's fierce energy and zest for victory, he will have performed the biggest service of all, and earned the gratitude not only of the man himself but of a far more numerous public.

Peter Ryde

A good old Greek script at Oxford

This evening the Athenian women led by Lysistrata will storm the Acropolis and go on sex strike yet again on the improbably green and pleasant stage of the gardens of Pusey House, Oxford. The jokes that are 24 centuries old will again have us rolling in the aisles. Spartan (perfunctorily): "Oh yes, we're wrong." (Parting Reconciliation) "But what a fantastic error."

The production by the Oxford University Classical Drama Society marks the hundredth anniversary of the first modern performance of an ancient Greek play, also at Oxford. Today we are quite familiar with performances of Aristophanes, Aeschylus, and the rest of the lads through stage film, television (though familiar is the wrong word for the Royal Shakespeare Company's recent assault upon the Greeks). In June 1880 to perform one of the ancient classics, at Oxford of all places, was a revolutionary and controversial notion.

From its beginnings the university had a vehement prejudice against the theatre. It preferred its undergraduates to take their classical drama flat on the page, with a chastity belt of learned commentary and *variae lectiones*. To see the plays performed might excite and corrupt them. A statute of 1593 forbade the poor players from doing within five miles of Oxford. By 1636 players for gain had to get the vice-chancellor's permission to

perform, and so had undergraduates in order to attend the performance.

By the end of the nineteenth century Henry Irving was still complaining that the university authorities made their undergraduates study "the queer byways of ancient literature", but would not allow them to see performed "those dramatic works which are the chief literary glory of our age."

But it was not possible to send down Thalia and Melopomene permanently from Oxford. In December, 1879, some mischievous and stage-struck undergraduates at the House formed an amateur dramatic company and put on a private performance of *Box and Cox* in rooms in Peckwater. As usual the Dean, the censors and the porters were vexed and tried to stop the performance by forbidding any dinners to be supplied. As usual the authorities were side-tripped on this occasion by ordering twice as many lunches as were needed and storing them for the evening.

Once Thalia had escaped,

there was no keeping the drama out of Oxford. And in June, 1880, the daring innovation of performing a Greek play in Greek was attempted. The *Agamemnon* was chosen, and the argument for doing it was advanced with donnish understatement: "A Greek play could be made quite as interesting on the stage as an English one." Balliol Hall was chosen as the stage, principally because of the enthusiasm for the project of the Master, Benjamin Jowett, the classical scholar and polymath.

First come I, my name is Jowett. There's no knowledge but I know it. I am Master of this college. What I don't know isn't knowledge. The protagonist, a majestic Clytemnestra, was F. R. Benson, later to become a famous Shakespearean actor.

As always with innovations at Oxford there was a gratifying row, with battle-lines drawn up about the impertinence of it all. The severe class of dons was disposed to regard the

play as an illegitimate backdoor to making scholarship easy, or even interesting. From Printing House Square *The Times* remarked, with world-weary loftiness, about the novelty. The *Athenaeum* complained that the costumes were neither accurate nor harmonious. Gerard Manley Hopkins was interested in a letter, only in the few bars of austere music composed for the performance by Partrick, later to be Professor of Music. Without the support of Jowett, who invited such famous friends as Robert Browning and George Eliot up for the performance, it could probably never have taken place.

Unfortunately everybody was so busy taking up sides with the *odium academicum* about the propriety of putting on a Greek play that no record has been left of what the performance was like. Apart from that, reverent Sirs, how did you enjoy the play?

The idea caught on. When Jowett became vice-chancellor two years later he encouraged the undergraduates to perform Shakespeare and insisted that women play the female parts. But from that first brave performance a hundred years ago the English tradition that Greek plays can be fun as well as great literature has grown. *Et prodesse volunt et delectare poetae*. The tradition is worthily celebrated at Oxford this week.

Philip Howard

Letter from Bangkok

A general's war on corruption

General Prem Tinsulanonda, the Thai Prime Minister, has much in common with Mrs Thatcher. She would doubtless march his record in fighting communist insurgency should things ever get to that stage. Both are eddies swirling to combat the same debilitating problems of high rates of inflation and taxation and the consensus that their country was not getting anywhere.

While Mrs Thatcher came in determined to reduce the power of the trade unions, General Prem was ready to take on the equivalent Thai *bete noire*—the corruption that causes such a drag on the entire economy. Corruption is so endemic that the language has two words for it: one for the 10 per cent on everything that is required just to keep the wheels of business turning and another for the big-money variety.

The story goes that General Prem, who was appointed in March, was unaware of the extent of the latter until he returned from one of his first overseas visits, to be met at the airport by a government functionary beaming the proverbial suitcase stuffed with notes to cover his "expenses". General Prem brushed it aside contemptuously and launched his anti-corruption drive.



General Prem: a determined puritan

That he is serious about his campaign no one doubts. Already senior staff of one ministry are under investigation with a view to prosecution and a provincial governor has committed suicide because of the reported fear of embarrassing disclosure.

General Prem is not the first Thai leader to promise a house cleaning—the difference is that, unlike most of Thailand's military leaders, he was a civilian and is generally acknowledged to be "clean".

A thoroughly handsome bachelor just short of 60 with silver-grey hair over a deep forehead General Prem, like Mrs Thatcher, is from the provinces. His career was accelerated by his active involvement in communist insurgencies in southern Thailand. There, and in the north-east, he has the image of a man of the people with a ready smile which belies the tough-minded militarist that he is.

General Prem's determined puritanism apart, what impressed on my first visit since the end of the Vietnam war is how little things have changed and how resilient Thai society has been to the enormous influx of American manpower, money and way of life.

More than one Thai peasant bought himself a farm on the proceeds of looking after the needs of Americans on rest and recreation leave from Vietnam. Many others made their fortunes, but any other spin-offs have by now been dissipated or absorbed. Even the Bangkok taxi drivers, those tireless marketing men for the city's evening night life, seem less

aggressive. Or perhaps the seven years have left the looking a less likely prospect for such exertions. If so, the country's vigour, the have little to worry about countryside is dotted with WATS, Buddhist temple brilliant green and gold, roofs reaching to the sky, exquisite swan-neck built with money poured locally. Early morning finds brightly-dressed men tramping to the nearest temple to pray, banners held in bamboo poles.

Bangkok's air, persistently pale blue with pollution not changed. Drivers do nothing to limit their tribulation to the city's problems of noise and dirt but add their own two-wheeled "very" reason.

To earn bigger profits, taxi drivers remove their vehicles from their stalls, carry more goods or passengers than the legal limit.

In return for not prosecuting offenders, policemen take a time (a little more than a minute) to do their job. So both sides of the fence have a vested interest in status quo; and something even General Prem may not be able to change.

David W.

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W FROM VENICE

IN THE LOCAL BUCKET

os on picketing

Imprisoning the elderly

Churchgoers' reaction to changes in liturgy

Public ownership of the press

Life under communism

Word: word: word:

Income policy

From Mr H. Norris

Sir, Lady Wootton's "new kind of income policy" (June 11) involving a levy on income increases through



and she was married in
Her husband died in 196

THE TIMES

BUSINESS NEWS

Personal
Investment and
Finance
pages 20 and 21

Inflation pace slows with retail price index up less than 1pc last month

By David Blake
Economics Editor

The most encouraging news on the fight against inflation since the Government took office came yesterday in the Retail Price Index which rose only 0.9 per cent in May.

The annual rate of inflation went up only fractionally to 21.9 per cent from 21.8 per cent in April and government officials believe there is a chance that the inflation rate could fall a little next month, showing a downward trend even before the benefit of the removal of last year's increase in value-added tax from the index. This is expected to lead to a drop in July of between three and four percentage points.

Yesterday's news was especially welcome as the May figures were expected to show inflation at an annual rate of 23 per cent.

In spite of these encouraging signs, the inflation rate remains high and bringing it down is likely to be a long, hard process. Some of the moderation in overall price increases in May can be explained by a drop in the price of seasonal foods.

If these are excluded, the inflation rate over the previous six months rose from an annual rate of 22.2 per cent in April to 22.8 per cent in May. This figure is generally regarded as providing the true underlying measure of the rate.

The latest figures confirm cost trends over the past year. The price of seasonal foods, such as strawberries, has fallen sharply, while the price of meat has risen.

which have shown some sharp variations. In May the increases were heavily biased towards prices set by the Government. For example, electricity and gas both went up on the Government's instruction and local authority rents and rates also rose.

Over the past year housing costs of all kinds have shown a sharp rise. Mortgages are higher, caused by the general increase in interest rates, local authority rates have risen because of increasing costs and reduced government grants, and council rents have been pushed up by cuts in subsidies.

The Government hopes that mortgages will come down later in the year as interest rates start to fall. It is estimated that the increase in housing costs over the past year could have been as high as 30 per cent.

The other contribution to inflation has been the increase in home and transport fuel costs. The Government has been forcing up the price of fuel produced by nationalized industries to cash in on rising energy prices.

At the same time, the cost of petrol has suffered the effects of higher oil prices and higher excise duty which have contributed to an overall increase in motorist costs.

These exceptionally high increases have been offset by smaller increases for some other products. This has meant that

prices in the shops have been rising less rapidly than the overall level of inflation. Food prices have gone up only moderately while the price of some durable goods has shown little increase.

The reason seems partly to be the desire of stores and manufacturers to reduce their stock levels, which has led to a willingness to accept lower profit margins.

Many consumer durables are imported and the strength of sterling has allowed foreign companies to hold down prices in recent months after a period in which they rose sharply.

But inflation prospects in the longer term remain clouded. The rate of price rises is now near its peak and will almost certainly fall sharply in July. One factor is that the rate depends on four main factors—the strength of sterling, world prices, wages in Britain and the extent to which manufacturers feel they need to restore their reduced profit margins.

The outlook for wages remains crucial, with no sign yet that there will be a deceleration from the present rate of nearly 20 per cent.

Government ministers have stressed that there will be no reversal in their policy to keep up the progress of lower pay settlements as part of a package to bring the inflation rate down, but private forecasters expect any progress in this direction to be slow.

Table, page 21

Sir Arnold Weinstock made life peer

By Our Industrial Staff

Sir Arnold Weinstock, managing director of the General Electric Company and a central figure in the recent controversy over the ownership and future of the National Enterprise Board's famous semiconductor subsidiary, has been created a life peer. Three of the other four life peers whose names appear in today's Queen's Birthday Honours List are also associated with business and industry.

They are: Mr Thomas Boardman, lately president of the Association of British Chambers of Commerce and a former Conservative MP for Leicester South; Sir Frank McFadden, chairman of Rolls-Royce and former chairman of Shell Transport and Trading Company; and Mr Victor Matthews, lately chairman of the Conservative MP for Leicester South.

Eleven knights are also conferred on industrialists, businessmen, financiers and engineers, of which two are in recognition of services to export. One is for services to architecture and one for services to civil engineering.

Dr Austin Pearce, lately chairman of Esso Petroleum and chairman of British Aerospace since March this year, is created a knight bachelor. Other knights go to Mr J. E. M. Braithwaite, chairman of Baker Perkins Holdings, for services to export; Mr P. M. Dowson, senior partner, Ove Arup Partnership, for services to architecture; Mr A. E. Evera, senior partner, Harris, Sutherland, for services to civil engineering; and Mr G. J. Wilkins, chairman and chief executive of the Beecham Group, for services to export.

Knighthoods are awarded also to Mr J. W. Hughes, chairman of Beckwith Development Corporation; Mr R. L. F. Lawrence, chairman of the National Freight Corporation; Mr J. G. Le Queux, chairman of the Monopolies and Mergers Commission; Mr G. R. Maclellan, lately chairman of the Scottish Tourist Board; Peter Meinertzhagen, general manager, Commonwealth Development Corporation; and Mr R. E. Owen, lately chairman of the National Freight Corporation.

Export services are recognized in six of the CBE awards. These go to Mr R. W. S. Easton, chairman and chief executive of Tarrow (Shipbuilders); Mr A. E. Evera, group manufacturing director of Lucas Industries; Mr Adolf Frankel, chairman of Staveley Industries; Mr George Godwin, chairman of the British Overseas Airways Corporation; Mr J. E. M. Braithwaite, chairman of Baker Perkins Holdings; and Mr P. M. Dowson, senior partner, Ove Arup Partnership, for services to architecture.



Sir Arnold Weinstock.



Mr Thomas Boardman.



Sir Frank McFadden.

win, president of Martonair International; Mr G. C. Nichols, chairman of Rotaprint; and Mr C. F. Ward, lately chairman of Dobson Park Industries. Also appointed CBE are: Mr W. A. Allen, senior partner, Bickerdike Allen Partners; Mr T. R. Barron, member of the British Railways Board; Mr W. E. Bell, lately chairman of the Middle East Shell International Petroleum; Mr E. L. Beverley, group commercial director, British Aerospace Dynamics Group; Mr J. H. Burgoyne, lately chairman of the Committee of Inquiry into Offshore Safety; Mr E. F. Choppin, chairman, Petroleum Industry Training Board; Mr David Cramb, lately chairman, Cake and Biscuit Alliance; Mr Spencer Crookenden, chairman, Ben Line Steamers and Ben Line Containers; Mr P. A. S. Taylor, lately chief of administration, Bank of England; Mr Emyr Thomas, general manager, Telford New Town Development Corporation; Mr Ronald Unger, personnel director, British Airways; and Mr L. C. Young, chairman, J. Bibby and Sons.

Big fall in US industrial output

From Frank Vogt
Washington, June 13

Many large United States banks cut their prime lending rates to 12 per cent from 13 per cent today as general credit demands continued to decline. The Federal Reserve Board has made no attempt to stem the slide in short term money market rates.

The Fed announced that industrial output in May fell by 2.1 per cent, the sharpest monthly decline in more than five years. In April the industrial production index dropped by 2 per cent. Output of consumer durables is 18.8 per cent below the comparable level a year ago.

The United States League of Savings said provisional data for May showed that new mortgages issued fell 33.3 per cent from \$3,000m (£1,300m) in April to \$2,000m (£900m) in May 1979.

President Carter told news-

paper editors at the White House that he had no doubt the drop in interest rates would help the country to pull out of the recession. He expected the interest rate decline to strengthen the consumer goods and housing industries.

Mr Thomas O'Neill, speaker of the House of Representatives, said it would be difficult to secure a balanced budget in the 1981 fiscal year, which starts on October 1, because of the intensity of the recession.

Yesterday Congress passed a first budget resolution involving an estimated surplus of \$2,000m. The speaker said that each 1 per cent gain in unemployment would raise federal spending by \$22,000m.

The sharp May fall in industrial output, which leaves the index at 115.5 (1967=100), suggests worse unemployment news ahead. Reports from industry throughout the United States tell a similar story of plant closures. Government economists expect another sharp fall in industrial output this month and they expect un-

employment will soon surge through the 8 per cent level. The Fed indicated a willingness late on Wednesday to permit short term money markets to move lower and made no effort to support the Fed funds rate as it dropped below 9 per cent.

Morgan Guaranty also cut the rate it charges securities brokers to 11 per cent from 12 per cent. A general decline in most interest rates is likely.

Money supply (M-1A) rose by \$2,000m to a seasonally adjusted \$371,800m in the week ended June 4.

The dollar fell sharply overnight in Japan, despite heavy support from the Bank of Japan, as the new rate cut by the Fed in Europe the dollar came under further pressure closing 85 points down against the deutsche mark, at DM 1.7545.

After dipping to an 11-month low, the yen rose to ¥160.25 just under 215 yen the dollar, back a little to ¥162.25.

Government set to announce £2,000m N Sea gas pipeline

By Nicholas Rix
Energy Correspondent

Plans to build a £2,000m pipeline to collect gas from 12 North Sea fields are to be announced by the United Kingdom Government next week.

A joint study by British Gas and Mobil presented to the Department of Energy in April recommended a scheme to collect the gas produced from a string of oil fields stretching from British Petroleum's Magnus field in the north to Fulmar in the south which would otherwise be flared wastefully.

The recommendation effectively overturned an earlier conclusion in a specially commissioned consultants' report that a large gas gathering scheme would prove unprofitable.

British Gas and Mobil's study showed that a system could be built which would add at least 1,000 million cubic feet of gas to Britain's supplies in the mid-1980s as the large fields in the southern area of the North Sea entered their long decline.

Speaking in Glasgow yesterday, Mr Eamonn Gray, the Minister of State for Energy, said a decision to go ahead with a scheme would be announced within a week. It would, he

Zimbabwe debt solution nearer

By Our Financial Staff

Negotiations on Zimbabwe's outstanding £100m debt with the United Kingdom drew to a close yesterday with indications that a settlement may be near.

The week-long talks covered debts incurred before UDI was declared in November 1965, which the Mugabe government has officially inherited and agreed to honour. £50m of inter-government loans and £50m of inter-government grants were the subject of the talks.

Ministers in the United Kingdom, however, were delighted that the British Gas and Mobil study confirmed that there was enough gas to justify a large scheme for the British sector alone. It was hoped that work could begin in time for deliveries by 1984, whether or not the Norwegian joined in, although a link could be built later.

Mr Harold Norvik, the under secretary of state for Petroleum and Energy in Norway, will be in Britain to discuss the issue next week.

It is not yet known who will be the financing agency, or provide the finance. But British Gas has already submitted applications for planning permission for a terminal to receive the gas at St Fergus and for a separation plant at Nigg Bay.

British Steel hopes to gain the contract for the 400 miles of 36-inch diameter pipe.

Since UDI was declared, no interest or capital payments have been made to any United Kingdom resident holders of the bonds. There are 12 resisters quoted on the London Stock Exchange of which eight have already passed their maturity.

Thatcher warning on rising cost of oil

From Peter Norman
Venice, June 13

Mrs Margaret Thatcher, the Prime Minister, today gave a warning that the Western world had not seen the end of rising oil prices.

Speaking at the end of the two-day Summit meeting of EEC leaders in Venice, she said that the position now was worse than after the first oil crisis of 1973 in that the oil price increases appeared to be consistent and continuing.

While demand for oil is expected to drop because of the slowdown of activity in the West, the Prime Minister said that supplies would also be curtailed, bringing no decline in price.

Mrs Thatcher's observations on the international oil market were made in a debate between the nine heads of government on the general state of economic developments in the Community and the world, the oil problem, petrodollar recycling and relations between the industrialized countries and the developing world.

The overall impression left after the two-day meeting in Venice is that EEC Governments are much more worried about the threat of worldwide economic stagnation from the current economic downturn in the United States.

The summary of the Italian presidency of the two-day meeting reiterated

the new conventional policy stance that industrialized nations represent the "greatest threat" to the stability and development of the member states' economies and that inflation should be contained by appropriate monetary and fiscal policies.

Speaking after the meeting, Mrs Thatcher said that oil was the key to the economic situation of the EEC, while President Valéry Giscard d'Estaing of France said that the Community had to reduce its dependence on oil.

Mr Giscard said that the EEC in energy policy must be cut, he added. This theme was also taken up by Mr Roy Jenkins, president of the Commission. At a press conference after the meeting, he called on EEC energy ministers to work on the basis of Commission proposals towards a common energy policy by the end of this year.

The EEC leaders apparently rejected any specific European contribution to the recycling of petrodollars from the oil producing states.

In the conclusion published after the meeting, the leaders of the Nine said the Community remained willing to enter into a dialogue of all the countries concerned with oil production. They added, however, that the EEC regretted that the recent Opec decision may have made such a dialogue more difficult to achieve.

£25m rights issue from British Home Stores

By Peter Wilson-Smith

British Home Stores is asking shareholders for £24.8m to help finance the group's heavy capital investment programme. Spending is expected to reach £25m in the last financial year—the largest expansion in the group's history. This trend will continue at the same level this year.

Shareholders are being asked to subscribe by way of rights to a new issue of £25m gross, 9 per cent convertible unsecured loan stock 1992. The terms are £1 nominal of loan stock for every four ordinary shares held. BHS is also offering a new £12m share purchase plan, continuing its electronic point-of-sale systems.

Mr Paterson said demand had been "sending us slacken off in the last two or three weeks." Although sales were 18 per cent up in the first nine weeks of the year, volume had fallen slightly.

Last month BHS announced a 25 per cent increase in pre-tax profits to £42m and the latest balance sheet showed net debt of only £7.3m compared with £132m shareholders' funds. Although borrowings have not risen significantly since then, Mr Colin Paterson, the company's deputy chairman, said yesterday without the rights issue interest charges would be over £1m in 1980-81.

This year BHS will spend £10m on SavaCentre, the joint hypermarket venture with Sainsbury. It also plans to open two new stores, and continue introducing its electronic point-of-sale systems.

Mr Paterson said demand had been "sending us slacken off in the last two or three weeks." Although sales were 18 per cent up in the first nine weeks of the year, volume had fallen slightly.

Stock Exchange may elect new chairman

By Philip Robinson

Electing a new place in a fortnight for the chairmanship of the Stock Exchange and it is possible there will be a change this year.

It is rarely a contest because when the 46 members of the council take up their chairs in the Stock Exchange tower most will have made up their minds.

After four years of reelecting Mr Nicholas Goodison to the position, it is possible this year there will be a change of chairman. It is known within the Stock Exchange that Mr Goodison is under some pressure to return to Quilter Hilton Goodison, the stockbroking firm in which he is senior partner.

After four arduous and successful years as the Stock Exchange's chairman, Mr Goodison would apparently not stand in the way if another strong candidate, acceptable to the council, expressed interest in the position. Apart from last-minute nominations, it is acknowledged that there are few candidates likely to meet such criteria.

But there are two possible candidates, Mr Peter Willis, of Sheppards and Associates, stockbrokers, and Mr George Nissen of Pender & Boyle, the brokers. Both are deputy chairmen to Mr Goodison. Unlike the traditional custom of electing the chairman, the post is vacated annually.

The past four years have been

arduous and the next four could be worse, with the task of insider dealing, the prospect of dual capacity, the Wilson Committee report and the Office of Fair Trading, referral of the Stock Exchange Rule Book to the restrictive practices court.

It would appear this year's election is more crucial than most. The winner is likely to feel a moral obligation to stay at least until 1984 when it is estimated the restrictive practices court will have finished dealing with the Stock Exchange Rule book.

Mr Goodison's decision this year is likely to be made more difficult. Mr Robert Fell, Mr Goodison's right hand man and chief executive of the Stock Exchange, was originally due to have his contract expire this year.

But 12 months ago when the restrictive practices court case loomed, Mr Fell's five-year contract was extended until 1983, with an option to run until the year after.

Mr Fell and Mr Goodison are taken as a recognized team and there is speculation that one is unlikely to stay without the other.

If Mr Goodison decides to take the Office of Fair Trading case through to the bitter end, he will earn the additional accolade of longest serving council chairman. The record holder is Lord Ritchie who was chairman from 1959 to 1965.

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3p to 31p	Reed Int	10p to 204p
15p to 70p	Sum Alliance	12p to 624p
37p to 762p	Norway Ind	27p to 172p
20p to 910p	Westpoint	36p to 725p
15p to 874p	W. Rand Cots	12p to 251p

4p to 43p	Lee Cooper	3p to 203p
5p to 335p	UK Electric	3p to 175p
75p to 155p	Night Explorer	10p to 400p
10p to 50p	Hamish Gray	5p to 206p
3p to 133p	Stuffs Potts	4p to 53p

THE POUND

Bank	buys	Bank	buys	Bank	buys	Bank	buys
2.09	2.02	Netherlands Gld	4.68	4.45			
30.45	28.75	Norway Kr	11.70	11.20			
89.00	85.50	Swedish Krona	116.50	112.50			
2.75	2.65	Swiss Franc	2.16	2.02			
13.17	12.85	Spanish Ptas	165.50	158.50			
8.85	8.45	Swedish Krona	10.05	9.60			
9.85	9.45	Swiss Franc	1.39	1.33			
4.27	4.05	Yugoslavian Ddr	65.50	60.50			
102.00	97.00						
11.75	11.30						
11.13	1.09						
2998.00	1900.00						
531.00	505.00						

Minister finds widespread agreement on the needs of the industry Engineering the way to a united profession

Daunting was not an adjective used in yesterday's House of Commons debate on the Finiston committee's proposals for engineering, when Mr Michael Marshall, junior minister at the Department of Industry, gave an interim report on the Government's weighing of the professional, academic and industrial implications involved.

But it clearly could be applied to the mountain of advice—often conflicting—accumulated during consultation now ended with 370 organizations, and unsolicited views.

Mr Marshall said there was widespread agreement with the diagnosis of the ills of manufacturing industry and the engineering profession made by the committee, chaired by Sir Monty Finiston.

Industrialists and their organizations, whose commitment the department regarded as critical, had with the unions, been as responsive on the issues as anybody, Mr Marshall said. And an enthusiast could be discerned for im-

provements and a willingness to achieve them. Mr Marshall described the problem as one of fundamental reservations about what in detail should actually be done.

There were those who felt it unnecessary to be as radical as some of the Finiston proposals, the central one of which is the setting up of a new statutory engineering authority, to oversee standards in the engineering profession and bridge gaps with industry and the academic world.

The alternative was to capitalize on the strengths of the present framework for the profession, whose umbrella body is the Council of Engineering Institutions (CEI).

The majority opinion broadly favoured a national framework like an engineering authority, Mr Marshall said. While a new body would face formidable problems and would by no means be assured of success, the goodwill and momentum for change resulting from the Finiston inquiry was likely to be dissipated and might be diffi-

cult to recover without such a focus. The heart of the conflict is how the new authority is constituted, with equally strong pleas—according to each organization—for an orientation towards industry or academic interests or the profession itself.

There was mostly agreement, according to Mr Marshall, about the size of the authority's governing board—around 15 to 20 people—and that its members should be independent and united to sectional interests.

But many clearly had reservations about whether, as suggested by Finiston, appointments should be made by the Government after consultation.

It had been suggested that instead the Privy Council should take on the role, and in an argument in its favour which emerged in the debate, it was said that the danger of an authority being responsible to too many government ministers would be avoided.

Derek Harris

EDITED BY MARGARET STONE

FINANCIAL NEWS

Expensive day to go

no of the last great acts. At a dinner and only too all you about their in houses and holi- about school fees, in my experience, about what will hap- the other than pations and often death cover. It happens in the first few hours after the death of the family? Do not be and simple book- dealing with death. It is worth looking at everyone is well and just been published dependent Order of Manchester Unity by W. M. Bowder, 11 the jobs which done at the time of the problems and the costs in- most illuminating erge from the book- book funeral costs up. praying table from the cost of two ndon funerals at 1979, one a crema- of £400 and £546 cost of the col- spot survey much London would cost.

WHAT A FUNERAL COSTS

Service	Cost
Funeral service, i.e. making sure the various services are at the crematorium for inspection of arrangements with clergy and crematorium on overheads	70.00
Funeral of rest for four days	30.00
Funeral of the body (an injection to keep one)	20.00
Funeral of the body (an injection to keep one)	22.00
Funeral of the body (an injection to keep one)	70.00
Funeral of the body (an injection to keep one)	90.00
Funeral of the body (an injection to keep one)	30.00
Funeral of the body (an injection to keep one)	36.00
Funeral of the body (an injection to keep one)	8.40
Funeral of the body (an injection to keep one)	22.90
Funeral of the body (an injection to keep one)	1.00
Funeral of the body (an injection to keep one)	400.30
Funeral of the body (an injection to keep one)	£
Funeral of the body (an injection to keep one)	185.00
Funeral of the body (an injection to keep one)	100.00
Funeral of the body (an injection to keep one)	148.90
Funeral of the body (an injection to keep one)	548.40

Funeral of the body (an injection to keep one) is not paid on these funeral expenses

quits

on to Charterhouse

ld be brief and I apologise for amble in Charter- on March 8 at 7p. v 83p but it has e. luck changes. I house for a flood Thistle oil to lub- counts over the s. had I backed, I (sorry, Sovet- temporarily spoil oil market. Then pipeline sprang a in Charterhouse itil being a mit- ant banking deci- ow hard-to-digest un.

placed hopes?

to mistaking the this week, the lower their guard, chies and take the canvas. The ly rose without a 28.5 to 455.5 or a is in a fortnight the bulldog spirit om 10 and 11, eet, has can Dunkirk did in defeat came a dis- ory. Now inflation or quite, peaking 22 per cent (come feary, all is not mes as economic failure while not replace ganic y friends tell me, e new name for e Mrs Thatcher moved on from runs in gilt-edged into United King- shares as well. It not, that now o the abolition of role we can invest like to what h, foreign pastures u. But foreigners d and our strong cte them. interesting thought- ters have been east equity rally. interest rates do ke the currency in- sterling—with ve all heard how stors have been

MAIN CHANGES OF THE WEEK

Company	Change	Comment
Buimer (HF)	19p to 182p	Figs due July 9
ICI	22p to 378p	Market trend
Metal Box	40p to 302p	Yr's pft: btd optimistic
Saatchi & S	20p to 183p	Good figs
600 Group	7p to 58p	Yr's figs encouraging

Falls

Davis (Godfrey)	15p to 153p	Bld fco gs to Mns Com
Dunoon	14p to 67p	Pr dft of Crmsh, tin sub.
Empire Stores	3p to 136p	Co's trading gloom
Health (GE)	3p to 195p	Sector unfashionable
Owen Owen	5p to 110p	Chmn's caution

Pilkington profits up slightly at £91m

By Roman Eisenstein
Pilkington Brothers, the international glass group, yesterday revealed profits figures in line with the pessimistic market expectations. For the year to March 1979 profits before tax were only marginally up from £90.3m to £91.4m while sales rose from £548m to £629m. After tax of £20.5m, as against £20.7m the previous year, profits attributable to Pilkington shareholders are up from £45.7m to £68.8m. The rise of more than 50 per cent at this level is well up in real terms. On a current cost basis, profits for the year would have been only £51m. The difference is the charge against the cost of sales adjustments and monetary working capital adjustments and a contribution to profits of the gearing adjustment. Although the second interim dividend has been lifted from 6.5p to 7.9p, making a total for the year of 15p, the shares slipped from 215p to 206p. The figures show a substantial fall in trading profits in the UK, which were down from £29.2m to £24.9m, while the trading contribution from the overseas companies was slightly up from £21.3m to £24.5m. Licensing income was static at £37m—because of the strength of the pound—while the share of profits from associated companies was up from £7.1m to £11.3m.

The strength of sterling resulted in unrealised exchange losses on the disposal of net assets of overseas companies amounting to £15.8m. As in the past these have been transferred to reserves. But net exchange losses made in the course of normal trading have been included in the profits and loss account. Sir Alastair Pilkington, the chairman, says in his preliminary statement that the reduced profits in the United Kingdom were caused mainly by the safety glass sales fibre reinforcement products which, together with some of the optical and pressed glass divisions, incurred substantial losses. The mainstay of United Kingdom trading profits was flat glass and fibreglass insulation products. The chairman points out that, except in Canada where a 16 week strike produced a loss, results were on the whole much better. Sir Alastair points out that the assets employed by the group at March 31 were £770m.

Investment fund launched

By Catherine Gunn
The Lovat Enterprise Fund is the latest smaller companies fund, designed specifically for institutional investors. It is the brain-child of over-the-counter market-maker M.J.H. Nightingale, and comes six months after Birmingham broker Albert E. Sharp set up a smaller similar fund which has yet to complete its first investment. The Lovat fund has five investing instructions: the NCB Pension Fund, Legal and Gen-

Bamfords says creditors favour liquidation

Shareholders and creditors of collapsed agricultural machinery group Bamfords have been promised a full statement by the board on June 19 on the steps they have taken so far. Through advisers, Bamfords said yesterday that an informal meeting of major creditors and essential suppliers think a voluntary liquidation rather than a compulsory winding-up was in the creditors' interests. Hambros and Arthur Young were mandated to ask petitioning creditor Gardner Steel to withdraw, but the company has said it will make no decision before the official creditors' meeting and will not promise to withdraw it later.

Malayan Tin Mining merger

Terms have been announced for the merger into Malayan Tin Mining of Southern Malayan Tin Dredging, Southern Kinta Consolidated, Kramat Tin Dredging, Lower Perak Tin Dredging, and Bidor Malayan Tin. All are members of the Malaysian Mining Corporation. Under the agreement, Malayan Tin will offer 6,990 new shares of 10 cents each for every 1,000 Southern Malayan,

RETAIL PRICES

The following are the index numbers (January 15, 1974=100) for retail prices not seasonally adjusted, issued by the Department of Employment yesterday.

	(1) All items	(2) All except seasonal foods	(3) Annual rate of increase in 1979 over 6 months earlier %
1979			
Jan	215.9	215.9	13.6
June	216.5	216.5	13.9
July	223.1	223.1	22.3
Aug	230.9	232.1	22.1
Sept	233.2	234.6	22.5
Oct	235.8	237.0	21.0
Nov	237.7	238.9	20.5
Dec	239.4	240.5	22.2
1980			
Jan	245.3	248.2	14.5
Feb	248.8	249.8	15.8
March	252.2	253.2	16.5
April	260.1	262.0	22.2
May	263.2	264.7	22.8

Index ends account with a 28-point gain

The firm tone was maintained in equities yesterday, when the slow start the market rallied to close the account on a high note. Jobbers admitted to being pleasantly surprised by the renewed surge of interest on a day which is traditionally quiet, but some said it reflected some predictions that a bull market might be just around the corner. Some of the improvement was still put down to a shortage of stock in some quarters, with new-time buying also driving prices a slightly exaggerated look. But the return of confidence to the market was undeniably strong. Even the latest, big rights issue for £25m from British House Stores, which sought the market completely by surprise, was absorbed and the shares managed a 2p rise at 284p. The Retail Prices Index was in line with most market expectations and generally discounted as a factor in the market performance by most observers. Much of the activity in equities was seen after hours as dealers prepared their positions for the new account on Monday. As a result, the FT Index was treated to a 5 point rise after the close, eventually finishing 8.0 up at 550.5, a rise on the account of 28.0. To glitz, the latest fall in the United States prime rate laid the foundation for another active assault on the United Kingdom market by overseas investors. This, in turn, prompted further activity by domestic investors anxious for a cut in the Minimum Lending Rate. In longs, jobbers reported active two-way business with rises of between £1 and £1.50. So, the Government Broker was able to activate the "hedgling" at £1 over the offer price before it eventually closed at £1 up on the day. In shorts, the story was very similar with gains extended to about £2. Leading industrials enjoyed one of their best sessions in some time, with ICI rising 8p to 378p, along with Unilever at 453p, while domestic buying pushed up Dunlop 4p to 76p. Figures from its Australian Shares of Burniah raced ahead 5p to 223p yesterday amid speculation of another promising find on the Thistle Field block on 211/17. Observers were adopting a wait-and-see attitude last night, but admitted the signs look promising. operations provided Reckitt & Colman with an 8p rise to 194p, but the chairman's warning wiped 9p from Pilkington Bros at 206p. Elsewhere, Arthur Guinness led 8p to 90p after its profits setback, as Sidlaw dipped 4p to 111p for a similar reason. Reports of a bid approach added 2p to Unilever shares at 117p, as shares of Godfrey Davis returned from suspension, down 13p to 153p, following its reference to the Monopolies Commission. Speculative attention was focused on Bossey & Hawkes up 6p to 115p, Polly Peck up 6p to 71p, but RSG Int. hit another new "low", down 1p to 14p. In electricals, Racal added 4p to 254p ahead of figures next week, with MK Electric shedding 3p to 175p, also ahead of figures next week. GEC were a firm market, rising 6p to 373p, but Ferranti were unchanged at 536p in the wake of speculation earlier in the week about the NCR sale this month. Activity on the oil pitches enabled prices to reach their best levels by the close as new-account buyers came in and most of the profit-taking for the end of the account appeared to be out of the way before the start of trading. The major stocks closed firm, with BP unchanged at 370p, although Shell dipped 2p to 402p. Ultramar rallied by 6p to 372p for the second day running and Lamo finished 13p better at 671p. Carlsberg forged ahead by 4p to 136p after its rights issue announcement earlier in the week, while Berkeley Exploration continued "ag" a feature among the second-liners: It rose 15p to 235p with Arun Energy putting on 14p at 438p. Mines started the day well as the gold price moved over the \$500 mark in New York and maintained their progress encouraged by the strength of the rand. Randfontein was the most noticeable feature among the "heavyweights",

Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year
Int of Fla	£m	£m	per share	pence	date	total
Alpine Drinks (F)	15,300.5	6,024.5	23.00	5.25	31.7	7,717.1
Alpine Drinks (F)	15,300.5	6,024.5	23.00	5.25	31.7	7,717.1
Grindley, Stoke (F)	8,170.89	1,610.3	3.00	—	—	1,151.33
A. Guinness (I)	341,310.2	21,123.1	7.17	1.58	—	—
Highgate & J. (F)	2,653.0	0.26	0.01	—	—	—
Sidlaw Inds (I)	18,020.0	0.16	0.01	1.51	6.8	—
Tomkins Crpts (I)	5,966.50	0.01	0.01	—	—	—
J. Woodhead (F)	76,365.1	4,747.1	24.52	5.04	6.8	5,538.7

Dividends in this table are shown net of tax on profits per share. Dividends are shown pre-tax and earnings are net of tax.

Guinness slips to £21m midway

By Our Financial Staff
After the much improved profit figures that have been coming from the leading brewers during the summer reporting season, Arthur Guinness has let the side down with a setback in its first half results. Despite a £40m rise in turnover, the £24m used roughly maintained sales volume over all, the squeeze on margins and sterling's strength have trimmed pretax profits by 8 per cent to £21.2m against outside expectations of a maintained or slightly better result. With Lord Iveagh, the chairman, warning that there will be no second half improvement, indicating a full-year downturn from £52.9m to around £48m, the shares dropped 8p to 90p where the present ratings are still by no means demanding with the likely yield 7.8 per cent, and the fully taxed p/e around 9. Trading profits in fact emerged slightly higher at £23.1m against £22.4m but a sharp rise in interest costs and reduced profits from associated companies hit the pretax figure. About half the £1.5m rise in interest to £5.8m was the result of higher rates and the rest due to increased borrowings, while the £900,000 drop to £3.8m in associates came about mainly because of the changed treatment of the Harp profits, now taken into drawings: profits after the change of ownership. On the brewing side, trading profits managed a 16 per cent gain to £19.1m thanks in the main to the inclusion of Harp Lager. Beer volume in the United Kingdom dropped slightly and despite last October's price rise margins were under pressure from rising costs. Volume continued to grow in Eire, helping to push up its contribution to group profits from £3.3m to £3.1m and the 6p rise in duty in the February budget apparently has not dented demand. The biggest reverse came in general trading, where profits halved to £1.5m, due in part to the changed treatment of the Morrison company in Nigeria which is now an associate and the strength of sterling, which cut £1.4m off the total. Apart from confectionery, the affected divisions have held their own. Overseas profits dropped £1m to £5.8m with the important Nigerian market hindered by the lack of a price rise, although Malaysia was good and Jamaica is at last looking up. The interim dividend has been maintained at 2.25p gross.

Bank Base Rates

ABN Bank	17%
Barclays Bank	17%
BCCI Bank	17%
Consolidated Credits	17%
C. Hoare & Co.	17%
Lloyds Bank	17%
London Mercantile	17%
Midland Bank	17%
Nat Westminister	17%
Rossminster	17%
TSB	17%
Williams and Glyn's	17%

* 7 day deposit on basis of £50,000 and under 15% up to £25,000 15% over £25,000 15%.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

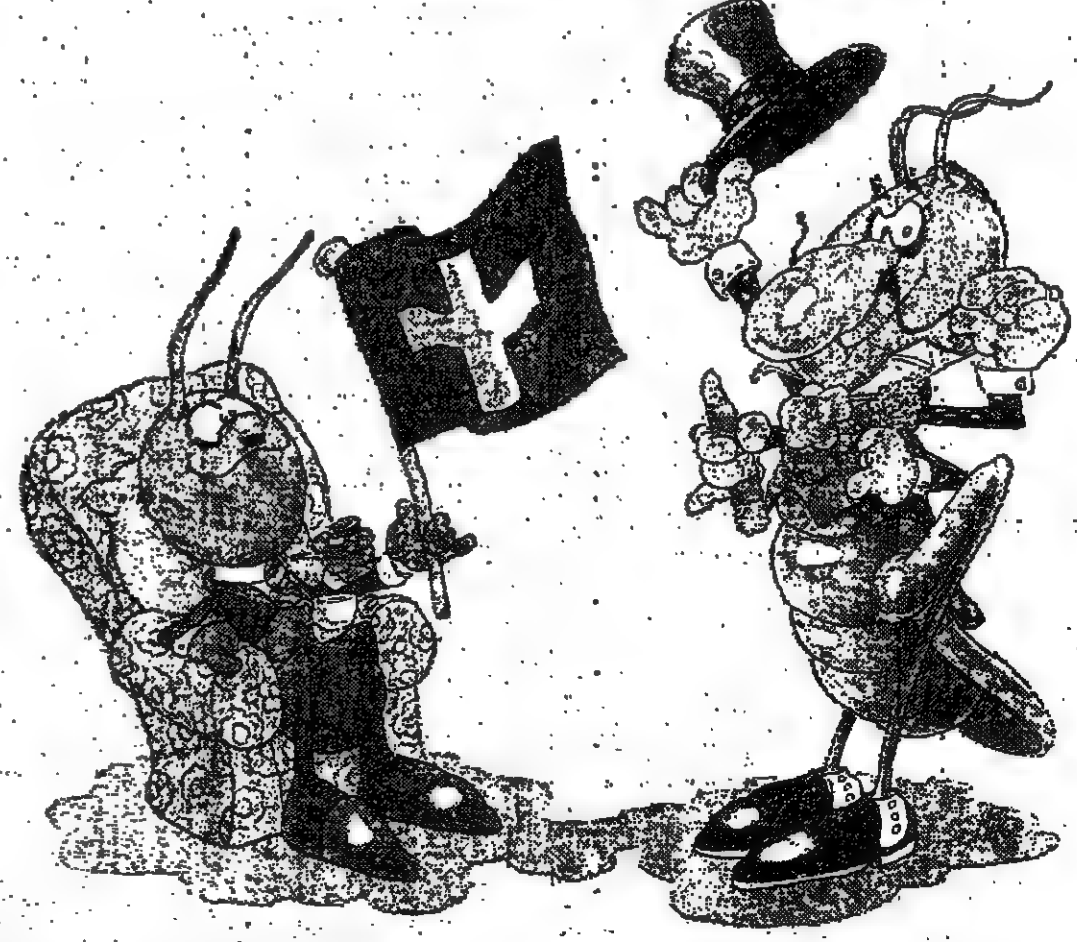
The Over-the-Counter Market

1979/80 High	1979/80 Low	Company	Price	Change	Div (%)	P/E
99	59	Airsprung Group	65	+1	6.7	10.3
50	26	Armstrong & Rhodes	30	—	3.8	12.7
285	185	Bardon Hill	278	—	13.8	5.0
100	78	Coway Cars Ref	78	—	15.3	19.6
101	63	Deborah Ord	92	—	5.0	5.4
125	88	Frank Horsell	112	—	7.9	6.7
129	90	Frederick Parker	90	—	12.8	14.2
156	102	George Blair	102	—	16.5	16.2
75	45	Jackson Group	75	+1	6.0	8.0
153	108	James Burroughs	106	+2	7.2	6.8
300	242	Robert Jenkins	300	—	31.3	10.4
232	175	Torday Limited	219	+2	15.1	6.9
34	11	Twinkl Ord	151	+14	0.8	5.3
80	78	Twinkl 12% ULS	78	—	12.0	15.8
56	23	Unilock Holdings	50	+1	2.6	5.2
50	45	Unilock Holdings New	46	+1	—	9.8
98	42	Walter Alexander	94	—	4.4	6.6
214	136	W. S. Yeates	214	+2	12.1	5.7

* Accounts prepared under provision of SSAP15.

The Swiss Ant and the Cosmopolitan Grasshopper

(Aesop's Fable adapted by Bank Julius Baer).



"When the ant and the grasshopper looked at the interest rates available in the world, they came to very different conclusions about the best place to invest their money. The ant chose to receive only a few per cent a year, while keeping his funds in a currency that was carefully safeguarded against the terrible effects of inflation. Over the years he was content with a modest income, secure in the knowledge that the real value of his capital was being maintained. The grasshopper was far more adventurous and plumped for the sort of interest rate that his grandfathers had never imagined possible. For a few years he lived splendidly, until one day he found that his capital had been gnawed away by inflation and that he was virtually penniless. The moral is when you are investing substantial capital, it is far better to choose a fundamentally sound investment than a superficially attractive yield."

At Bank Julius Baer, founded in 1890, we are firmly committed to a very Swiss philosophy of money management. What is of supreme importance to us is the long-term strength of our clients' portfolios in an increasingly volatile world investment market; an approach which has led to our being entrusted with the management of funds valued at well over £1,000 million. Whether you deal with us in London or in Zurich, you can be certain that Bank Julius Baer will manage your money in the prudent, far-sighted way that has made us one of the most successful and respected private banks in Switzerland. For a preliminary discussion about the Baer International Investment Service, contact Clifford Smith in London. A propos the fable above, in the past 6 years the Deutschmark has lost 19% of its value against the Swiss Franc, the Yen 33%, the French Franc 34%, the US Dollar 39% and Sterling 44%.

BANK JULIUS BAER INTERNATIONAL LIMITED
3 Lombard Street, London EC3V 9ER. Telephone 01-623 4211
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